UNITED NATIONS

General Assembly

FORTY-FIFTH SESSION

Official Records

FIFTH COMMITTEE
8th meeting
held on
Monday, 15 October 1990
at 10 a.m.
New York

SUMMARY RECORD OF THE 8th MEETING

Chairman: Ms. MUSTONEN (Finland)
(Vice-Chairman)

Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. MSELLE

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19 October 1990

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The meeting was called to order at 10.30 a.m.

AGENDA ITEM 116: FINANCIAL REPORTS AND AUDITED FINANCIAL STATEMENTS, AND REPORTS OF THE BOARD OF AUDITORS (continued) (A/45/5 and Corr.1, vols. I, II and III, and Add.1, Add.2 and Corr.1, Add.3-5, Add.6 and Corr.1, Add.7 and Add.8 and Corr.1, A/45/457, A/45/509, A/45/537 and A/45/570 and Corr.1)

1. Mr. KOULYK (Ukrainian Soviet Socialist Republic) said that his delegation attached great importance to the work of the Board of Auditors and continued to support an expansion of its functions with respect to the tightening of financial discipline and the exposure or elimination of incorrect or careless uses of funds. It supported all measures designed to improve financial and budgetary control and to standardize the submissions of financial departments. It was entirely appropriate that the question of developing generally accepted accounting principles for the United Nations system should have been discussed at the Board's consultations with the Advisory Committee on Administrative and Budgetary Questions (ACABQ). In that connection, his delegation endorsed the commissioning of a study, with assistance from the International Accounting Standards Committee.

2. It was regrettable that not all administrations had taken the necessary steps to implement the recommendations of the Board and the Advisory Committee, as called for in General Assembly resolution 44/183. It was even more regrettable that no explanation should be given for such a failure. Examples of abuse in the report on the United Nations included instances of fraud and of excessive overtime payments in the Security and Safety Service. It appeared that major economies could be achieved through the recovery of rental and operating costs charged to the specialized agencies and other entities by regional commissions and other offices away from Headquarters. A review of the cost-sharing arrangements between the United Nations Office at Vienna, the United Nations Industrial Development Organization (UNIDO) and the International Atomic Energy Agency (IAEA) could also yield substantial savings. His delegation supported the proposed speedy and substantial strengthening of administrative and budgetary functions and structures of the United Nations Office at Vienna, which was consistent with the General Assembly's intention to make the work of that Office as effective and economical as possible.

3. Other serious breaches of financial discipline had been noted in the United Nations Development Programme (UNDP), the United Nations Children's Fund (UNICEF) and the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA). In the Office of the United Nations High Commissioner for Refugees (UNHCR), the Administration's response to concern over the loss of three vehicles was highly unsatisfactory and emphasized the need for practical implementation of the principle of individual financial responsibility.

4. It was the hope of his delegation that all administrations of the United Nations system would make every possible effort to ensure that all the conclusions and recommendations of the Board and the Advisory Committee were implemented without delay. It would also appreciate some further clarification of the doubts

(Mr. Koulyk, Ukrainian SSR)

expressed by the Chairman of the Board with respect to the Board's capacity to carry out a comprehensive review of the effectiveness of programmes.

5. Mr. WU Gang (China) said that the reports of the Board of Auditors not only helped Member States to understand the performance and financial position of the various organizations of the United Nations system but also helped those organizations to strengthen their financial management.

6. As far as budgetary control was concerned, there would appear to have been marked over-expenditure in the United Nations, UNDP, UNICEF and the United Nations Institute for Training and Research (UNITAR). In UNITAR, in particular, such over-expenditure was accompanied by an insufficiency in pledged contributions. UNITAR should therefore give priority to reducing expenditure while increasing revenues and strengthening management. While UNDP had improved its budgetary discipline, expenditures in five of its headquarters units had still exceeded allotments. In the United Nations, in 10 out of 34 budget sections expenditures had exceeded appropriations. The Administration had frequently made transfers between budget sections in order that no section should exceed its appropriations, but no practical and effective control measures had been taken. The Advisory Committee had approved the transfers but had noted in its report that the Administration needed to explain much more clearly the reasons for them. In his delegation's view, these reasons should also be made known to the General Assembly or to the governing body concerned. It hoped that the observations and comments of the Board of Auditors and the Advisory Committee would be heeded and that in future budgetary discipline would be enforced.

7. The Board's report indicated that, in the case of UNDP and the United Nations Population Fund (UNFPA), the proportion of unaudited programme expenditure to total programme expenditure by executing agencies, Governments and non-governmental organizations remained too high and that programme expenditure and programme support costs expenditure were not supported by adequate evidence. Co-operation needed to be strengthened in order to ensure that all items of expenditure could be properly audited. Moreover, UNDP and UNFPA did not properly distinguish between programme expenditure, programme support costs and administrative expenditure.

8. In the case of many executing agencies, both management and procurement activities needed to be improved. For example, 24 per cent of UNICEF projects funded from general resources and 42 per cent of supplementary-funded projects had poor rates of delivery. Some United Nations projects also suffered from low delivery rates, and serious delays were experienced in some projects of the United Nations Habitat and Human Settlements Foundation (UNHHSF) and the International Trade Centre. His delegation hoped that detailed explanations would be given of such delays and of poor performance and that public bidding would be more commonly used in the procurement activities of certain organizations.

9. The reports of the Board of Auditors cited many instances of shortcomings in administrative management. His delegation hoped that the organizations concerned would pay due attention to the problems noted and adopt specific measures to prevent a recurrence.

(Mr. Wu Gang, China)

10. His delegation noted that in its report the Board had expressed a qualified opinion on the issue of unpaid assessed contributions to the United Nations and to peace-keeping activities. It was obvious that the huge amount of arrears seriously affected the financial management of the United Nations and hampered the smooth functioning of the Organization and his delegation earnestly hoped that all Member States would discharge their financial obligations promptly and in full.

11. Ms. OLDFELT HJERTONSSON (Sweden), speaking on behalf also of the delegations of Denmark, Finland, Iceland and Norway, said that the Nordic delegations attached great importance to the work of the Board of Auditors and to its reports, which provided Member States with an impartial assessment of the financial position and managerial efficiency of the different organizations of the United Nations system. They noted with satisfaction that the Board had continued its practice of reporting the results of specific audits and of issuing management letters containing detailed audit observations to the administrations concerned.

12. The Nordic delegations endorsed the Board's observations and recommendations and would, as in previous years, support a recommendation requesting the competent governing bodies to ensure that the executive heads concerned took the necessary steps to implement the Board's recommendations.

13. One point of particular concern was the lack of budgetary control in some organizations, including the United Nations itself, UNITAR and the International Trade Centre. In regard to the United Nations, the Board had found that expenditure controls in relation to allotments and total appropriations were not effectively exercised, with the result that it had become customary to seek approval for transfers between sections of the budget. The Board pointed out that, unless that practice was corrected, budgetary control was meaningless and it recommended that the utmost importance should be given to the budget performance report so that appropriations would not be exceeded. Further improvement of the techniques for estimating expenditures, especially in the final performance report, could minimize the incidence of transfers between sections of the budget. In that connection, the Nordic delegations asked whether the Secretariat could confirm that the introduction of the Integrated Management Information System would improve the situation.

14. Another point of concern was the lack of clarity in UNDP accounting policy regarding unliquidated obligations at year-end. The Board of Auditors pointed out that the accounting policy of UNDP in that respect departed from generally accepted accounting principles in the case of purchases of equipment in that the issuance of a purchase order was treated as an expenditure despite the fact that delivery had not yet taken place. That led to uncertainty in reported expenditure and the Nordic delegations hoped that the uncertainity would be removed.

15. The Board also noted that UNDP and UNFPA still had no guidelines for distinguishing between programme expenditure, programme support costs and administrative expenditure, and reiterated its previous recommendation that comprehensive guidelines should be issued and implemented in order to clarify the presentation of those expenditures. The Nordic delegations supported that recommendation.

(Ms. Oldfelt Hjertonsson, Sweden)

16. The Nordic delegations also noted with concern that the Board had once again been compelled to issue qualified audit opinions in regard to UNDP and UNFPA, despite the General Assembly's request, in resolution 44/183, that the executive heads concerned should take steps to correct or improve the conditions that had given rise to the qualification. Considerable improvements had admittedly been made, however, and it was to be hoped that further improvements would be possible.

17. With regard to the audit of UNHCR, which had included an audit of its Unearmarked Trust Fund, the Board had concluded that no adequate controls had been instituted to govern the use of the Fund. It therefore recommended that UNHCR should ensure that voluntary contributions were only accepted and utilized in a manner consistent with the Financial Regulations and Rules of the United Nations, the Financial Rules for Voluntary Funds and, where relevant, with the United Nations Staff Regulations and Rules. The Nordic delegations strongly supported that recommendation. In the summary of its recommendations regarding UNHCR, the Board suggested that the possibility of obtaining guaranteed income to complement voluntary contributions, which had become largely unpredictable, should be explored. The difficulties in the timing of voluntary contributions to meet the operational funding requirements of UNHCR seriously hampered effective and speedy intervention. The Nordic delegations understood that the Executive Committee of UNHCR intended to seek the advice of ACABQ, which had also drawn attention to the problem, and appreciated the importance attached by the Board to an issue which was of the utmost importance for refugee programmes around the world.

18. In connection with management issues, the Board had drawn attention to the problem of quantifying final outputs in the United Nations programme budget and in the programme performance report, noting that planned output financed by extrabudgetary resources was not clearly specified in the programme budget and that allocation of resources at the output level was not indicated in the programme budget. The General Assembly and donor countries were thus not informed about the way in which extrabudgetary resources were being used to attain specific objectives. The Board accordingly recommended a detailed review of compliance with the relevant rules and regulations, with particular attention to the programme planning and monitoring of all United Nations activities funded partially or fully from extrabudgetary resources. The Nordic delegations believed that clear definitions of outputs were essential for the planning, budgeting, monitoring and evaluation process, and, while they agreed with ACABQ and the Secretariat that it was not always possible to define outputs accurately, they supported the Board's proposal and encouraged the Secretariat to make every effort to define outputs as clearly as possible.

19. The Nordic delegations were also concerned about the level of programme delivery in some organizations. The Board had reported problems in UNICEF, UNHCR and UNHHSF and had reviewed project execution in UNICEF, about which ACABQ had also expressed concern. The review indicated low or zero delivery rates for both supplementary-funded projects and projects funded from general resources. The Nordic delegations hoped that the endeavours that the UNICEF Administration intended to make in response would result in improvements in programme delivery rates.

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AGENDA ITEM 123: JOINT INSPECTION UNIT (continued) (A/45/34, A/45/117 and A/45/441)

20. Mr. BENNETT (United States of America), recalling that, at the forty-fourth session of the General Assembly, Member States had endorsed the recommendations in the JIU report on the installation of an optical disc system for documents and record storage (A/44/684) and suggested that the Secretary-General should initiate the implementation of such a system during the current budget period, said that the Secretary-General had also been requested to prepare a comprehensive plan for the full implementation of the proposed system for presentation to the Assembly at its forty-fifth session. His delegation hoped that the Secretary-General's report would act as a catalyst for action and would receive serious attention from Member States.

21. The General Assembly also had before it at its current session a JIU report on human resource development through technical co-operation (A/45/113). Although, the recommendations in that report seemed useful and relevant and deserved careful review by Member States, his delegation believed that, before action was taken on the proposal to create a special office, within UNDP or some other organization in the system, for the purpose of co-ordinating human resources activities, it was essential to have the comments of the Administrative Committee on Co-ordination (ACC) and the Secretary-General. Furthermore, any proposal to create such a special office or "focal point" should include suggestions for expenditure reductions elsewhere.

22. The United States delegation had mixed views about the progress achieved in implementing previous JIU recommendations. The Secretary-General's report (A/45/441) indicated that serious efforts had been made to implement recommendations in some areas, in particular staff representation at United Nations conferences and meetings. The response to JIU proposals on technical co-operation between organizations of the United Nations system and the least developed countries had been less satisfactory; in many instances, Member States were merely informed that steps had been taken to implement recommendations without any specific examples. The response to JIU proposals for reducing the frequency and cost of meetings relating to the implementation of operational activities in the least developed countries was even less satisfactory; paragraph 31 of the Secretary-General's report indicated that the study requested had not been carried out, although some savings had supposedly been realized in the case of meetings organized by the United Nations Conference on Trade and Development (UNCTAD). His delegation requested clarification regarding the implementation of the recommendation by other United Nations agencies and programmes.

23. Little effort had been made to address the recommendations in the JIU report on UNICEF activities and structures (A/42/136). The Executive Director appeared to take the position that none of the recommendations were relevant. In view of the continuing and serious problems identified in recent reports of the Board of Auditors, his delegation would have expected the Executive Director to take positive action on the recommendation that an inspection unit should be established to deal with operational and management issues. The recommendation that the Under-Secretary-General level post for external relations should be eliminated had

(Mr. Bennett, United States)

also met with no response, despite the recommendation of the Group of 18 regarding the reduction of high-level posts. While strong external support was undoubtedly important to the success of UNICEF, the elimination of the post would have emphasized the Fund's commitment to maximizing cost-effectiveness, a key element in the effort to secure additional funding. The arguments against the elimination of the post put forward in paragraph 14 of the Secretary-General's report were irrelevant and misleading. Moreover, the assertion in paragraph 18 that monitoring and on-site inspection were an integral part of the field-based approach of UNICEF was questionable, given the serious weaknesses in the administration and management of programmes by field offices identified in the audit of the UNICEF accounts for 1988-1989. As noted in paragraph 22 of the report, no action had been taken to implement the recommendation that Executive Board sessions should be biennialized. Although, in general, his delegation supported the biennialization of intergovernmental bodies in order to reduce conference-servicing costs, it felt that, in the case of UNICEF, annual sessions were probably necessary for the time being to ensure that the interests of donors and recipients were protected.

24. The format of the Secretary-General's annual report on the implementation of the recommendations of the Joint Inspection Unit could well be improved. It would be useful, for example, if JIU could comment on the responses of the organizations and programmes studied. His delegation hoped that, when it drafted a resolution on the item, the Committee would consider modifying the current follow-up system in order to ensure that Member States received the additional information that could be provided in that way.

25. The Joint Inspection Unit provided Member States with an in-depth analysis of United Nations activities that was available from no other body in the system. At the same time, in its recent resolutions on the work of JIU, the General Assembly had been increasingly specific about what JIU should investigate. Nevertheless, there had been an increased tendency in past years for governing bodies and Member States to put JIU reports aside and ignore the Unit's work. One was the report on the evaluation of rural development activities in three African least developed countries (A/45/76), which indicated that rural development programmes suffered from serious conceptual and design flaws. That report had been on the agenda of the most recent session of the UNDP Governing Council, the forum best suited to take action on it, but had received no attention at all. His delegation hoped that it would at least be taken up during the current session of the General Assembly. Member States concerned about the way in which the Organization conducted its business and spent their assessed contributions should be more attentive to JIU and its findings. JIU could not continue to be effective if its reports were not given the consideration they deserved.

26. Mr. ABRASZEWSKI (Poland) said that his country had supported JIU since its inception and considered its role extremely important. In 1971 and 1972, Poland had been among the delegations that had requested JIU to study the use of experts and consultants in the United Nations system, and the Unit's subsequent reports and recommendations, the substance of which had been incorporated into General Assembly resolutions and the Secretary-General's administrative instruction on the subject, afforded tangible evidence of its significant contribution to the work of the Fifth Committee and the Organization as a whole.

(Mr. Abraszewski, Poland)

27. The report of the Joint Inspection Unit (A/45/34) and its work programme (A/45/117) reflected the Unit's serious endeavours to meet the requirements of relevant General Assembly resolutions, including resolution 41/213 containing the recommendations of the Group of High-level Intergovernmental Experts to Review the Efficiency of the Administrative and Financial Functioning of the United Nations, and resolutions 43/221 and 44/184 requesting the Joint Inspection Unit to give even greater attention to management, budgetary and administrative issues relevant to the agendas of the governing bodies of its participating organizations and to their main and common concerns.

28. While respecting the independence of JIU in determining which topics should be subject to inspection, his delegation wished to encourage the Unit to concentrate on issues that were of major and common concern to Member States. The emphasis on administrative, management and budgetary issues should relate not only to activities covered by the regular budget but also to the various aspects of peace-keeping operations. The participation in the Fifth Committee's work of the Chairman and the Executive Secretary of JIU was most useful in stimulating open discussion and focusing the debate on the major issues.

29. The term "inspection" should not be interpreted as being confined to the investigation of problem areas, as it sometimes was, but should properly cover areas of significant innovation within the United Nations system with broad implications for system-wide application. A case in point was the report on an optical disc system for the United Nations (JIU/REP/89/11) (A/44/684), which commendably stated not only the object of the exercise but also the objective of potential wider applicability.

30. Referring to the comments by the Secretary-General and the executive heads of the various agencies on recommendations contained in JIU reports, especially those recommendations which had not been implemented, he said that in some cases non-implementation might be due not to any intrinsic inadequacy in the recommendation but to a question of timing, as in the case of a highly innovative recommendation which ran counter to existing procedures and practices.

31. While the content of reports, focusing on the main issues and recommendations, was of paramount importance, the question of the presentation of JIU reports should not be overlooked. The reports, which went to all participating specialized agencies, were competing for attention with all other United Nations documents and, because of their very technical nature, special care should be taken to enhance their appeal. A suggestion might be to begin with an executive summary or, preferably, the conclusions and recommendations, followed by a substantiation of those conclusions and recommendations, in order to familiarize delegations from the outset with the contents of the report. A wider use of graphic illustrations might also be helpful.

32. Mr. KABONGO (Chairman of the Joint Inspection Unit) said that the comments and suggestions that had been made and the policy guidance given to JIU by the Committee as a whole in recent years would continue to be fully taken into account in the Unit's work. Particular attention would be paid to critical areas so as to achieve the necessary harmony between the activities of United Nations organizations and provide concrete, unambiguous solutions in order, ultimately, to enhance the living standards of peoples throughout the world.

33. When preparing its work programme, JIU would take into account the Committee's views on evaluation and effectiveness and other issues which had a direct impact on Member States. Paritcular consideration would be given to the points made about the ability of certain developing countries to pay their assessed contributions.

34. He welcomed the comments on the JIU report (JIU/REP/89/9) contained in document A/45/130 and trusted that it would be fully discussed by the Committee, despite its busy schedule.

35. He thanked the representative of Poland for his comments and suggestions and assured him that JIU would continue to do its utmost to respond to the Committee's hopes and expectations.

AGENDA ITEM 125: SCALE OF ASSESSMENTS FOR THE APPORTIONMENT OF THE EXPENSES OF THE UNITED NATIONS (continued) (A/45/11)

36. Mr. SOTIROV (Bulgaria) said that his delegation shared the view that the ability of States to pay was the basic criterion for determining the scale of assessments, and that the definition of national income was a decisive factor. The Committee on Contributions had clearly endeavoured to take into account the opinions voiced in the Fifth Committee the previous year and to respond to the recommendations in resolution 44/197 A. The recommendations in the report of the Committee on Contributions (A/45/11) concerning improved scale methodology could be conducive to a more accurate assessment of the actual capacity of States to pay and a more equitable distribution among them of the Organization's growing expenses. His delegation fully supported the Committee's proposal that the upper per capita income limit should be increased from $2,200 to $2,600 to reflect the changes in the international economic situation and the growth of the average per capita income of the population. As annex II of the report showed, 19 States, mostly developing countries with a high foreign debt, would see a drop in their percentage of the scale of assessments, while developed States would see a certain increase.

37. Stressing the great importance of a corrective mechanism which took into account the high foreign debt of countries which had great repayment difficulties, he said that that was particularly true of States with limited access to foreign currency and of those that were most seriously affected by the Gulf crisis. In that connection, the Secretariat should continue to update its data on the foreign debt of States regularly through the international financial institutions.

(Mr. Sotirov, Bulgaria)

38. The proposal to preserve the 10-year statistical base period was viewed as a guarantee of assessing the ability of States to pay on an equitable basis, allowing for changes in current conditions while preserving the principles of consistency and stability. His delegation appreciated the concerns expressed by some States regarding unexpected changes in their national income, which were reflected in their ability to pay their dues, and considered it appropriate that data on national income should be periodically reviewed for a three-year period and then serve as a basis for the methodology's corrective mechanisms. Meanwhile, the Committee on Contributions should continue to look into ways of working out a consistent and objective system for balancing disproportions resulting from price changes that were not proportionally reflected in currency rates.

39. His delegation shared the view of the Committee on Contributions that any change in the ceiling and floor rates was more political than technical in nature. The annexes to the report suggested that a possible increase in the ceiling rates and drop in the floor rates could mean sharp differences in the scale for a number of countries and would cast doubt on the rationality of the entire current methodology. Thus, as could be seen from annex IV.B, an increase in the floor rate would seriously affect the least developed States which already had difficulty in paying their contributions.

40. The scheme of limits had been extremely useful in avoiding as far as possible any sharp changes in the individual limits of contributions between two scales. His delegation would also like to see the categories used in the scheme of limits to be determined by the ability of States to pay. It would be inappropriate to decrease the contributions of States with a higher per capita income at the expense of those with a small per capita income.

41. Mr. DIPP GOMEZ (Dominican Republic), while welcoming the recommendation to increase the upper per capita income limit to $2,600, agreed with the representative of Mexico that such an increase was probably inadequate, given the effects of international inflation. It was also regrettable that the Committee on Contributions should have ignored the request to continue its exploration of alternative income concepts and failed, in the tables presented as annexes to its report, to apply capacity to pay as the fundamental criterion for determining the scale of assessments.

42. His country's contribution had been assessed in the various tables incorporating different factors and adjustments at between 0.02 and 0.06 of the Organization's budget. Nevertheless, despite substantial reductions in the contributions to be paid by other States, his country's assessment remained unchanged at 0.3 per cent. That level neither reflected its capacity to pay nor took account of its considerable debt burden. According to statistics produced by the United Nations and the International Monetary Fund, its debt amounted to over $1 billion in September 1990. Its financial reserves had declined drastically over the past three years and its per capita income had fallen from $1,332 in 1982 to $851 in 1987. He hoped that the Committee on Contributions would, at its next session, recognize his country's reduced capacity to pay and adjust its contribution accordingly, in accordance with paragraph 1 (a) of General Assembly

(Mr. Dipp Gomez, Dominican Republic)

resolution 44/197 A and the study of alternative income concepts presented in paragraphs 22 to 33 of the report.

43. Mr. ZONGWE MITONGA M'PUILUA (Zaire) said that the Committee on Contributions must ensure the most equitable possible distribution of United Nations expenses among all Member States by applying the principle of capacity to pay. The scale of assessments should be based on reliable, verifiable and comparable data, the methodology should be as simple, transparent and stable as possible, and the report of the Committee should be concise.

44. The purposes of stability were appropriately served by the Committee's decision to recommend retention of the 10-year statistical base period. His delegation also endorsed the recommendations to increase the upper per capita income limit to $2,600, to maintain the relief gradient at 85 per cent and to retain the scheme of limits in its current form. It agreed that any change in ceiling and floor rates would require a political decision. The process of making ad hoc adjustments required a certain degree of flexibility, and there was a need to reduce the overall size of such adjustments.

45. The mechanisms introduced with a view to solving the debt problems of the 1980s were still enveloped in uncertainty, entailing a continuation of complications in the 1990s. Noting the Committee's efforts to study alternative income concepts, his delegation hoped that it would take advantage of the positive factors embodied in the concept of debt-adjusted income.

46. Mr. RADZI (Malaysia) said that, despite the difficulty of the task undertaken by the Committee on Contributions, the recommendations contained in its report provided a constructive basis for the Fifth Committee's work.

47. With regard to methodology, it should be re-emphasized that the principle of capacity to pay must serve as the fundamental criterion for determining the scale of assessments. While endorsing the Committee's recommendations to increase the upper per capita income limit and to retain the relief gradient at its current level, his delegation would appreciate some further clarification of the reasoning involved. It agreed with the recommendations to retain the 10-year statistical base period and the scheme of limits, following a thorough assessment of that scheme's implications. It also welcomed the decision to address the needs of countries which were suffering excessive adverse effects from the ad hoc adjustment process and agreed that any change in ceiling and floor rates would require a political decision.

48. Noting that external debt was a major factor affecting the capacity to pay of many developing countries, he welcomed the Committee's recommendation to use the concept of debt-adjusted income in the preparation of the next scale of assessments. Although the concept itself required further elaboration, it constituted a positive step towards a reduction of the difficulties experienced by heavily indebted countries in paying their assessed contributions.

The meeting rose at 12.15 p.m.

UNITED NATIONS

General Assembly

FORTY-FIFTH SESSION

Official Records

FIFTH COMMITTEE
9th meeting
held on
Monday, 15 October 1990
at 3 p.m.
New York

SUMMARY RECORD OF THE 9th MEETING

Chairman: Mr. MAYCOCK (Barbados)

Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. MSELLE

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AGENDA ITEM 125: SCALE OF ASSESSMENTS FOR THE APPORTIONMENT OF THE EXPENSES OF THE UNITED NATIONS (continued)

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The meeting was called to order at 3.20 p.m.

AGENDA ITEM 116: FINANCIAL REPORTS AND AUDITED FINANCIAL STATEMENTS, AND REPORTS OF THE BOARD OF AUDITORS (continued) (A/45/5 and Corr.1, vols. I, II and III, and Add.1, Add.2 and Corr.1, Add.3-5, Add.6 and Corr.1, Add.7 and Add.8 and Corr.1, A/45/457, A/45/509, A/45/537 and A/45/570 and Corr.1)

1. Mr. GROSSMAN (United States of America) said that the excellent work of the Board of Auditors would be further improved if the organizations of the United Nations system adopted more uniform and transparent programming, budgeting and auditing procedures. Owing to the ever-evolving nature of the United Nations system, Member States, auditors and, in some cases, Administrations themselves did not fully understand or could not readily explain the content of financial documents and programmes.

2. One way to increase understanding of United Nations programmes and budgets would be to standardize financial reporting systems. That would simplify analysis of programmes and budgets, identify instances of duplication and overlap, facilitate decisions as to which agency should have the pre-eminent role in implementing new initiatives, and reveal inefficiency and bureaucratic excesses by better distinguishing between operating and programme expenses. The Board of Auditors and the Advisory Committee on Administrative and Budgetary Questions (ACABQ) agreed on the need for standardization. In that connection his delegation endorsed the Advisory Committee's recommendation that the General Assembly should request the Panel of External Auditors to commission a study on standardization, perhaps utilizing the services of the International Accounting Standards Committee. His delegation intended to seek approval for inclusion of the recommendation in the Fifth Committee's draft resolution.

3. The auditors had once again qualified the financial statements of the United Nations Population Fund (UNFPA) and the United Nations Development Programme (UNDP), since their audited accounts continued to reveal numerous shortcomings, although none appeared to be extremely serious. While the auditors had issued unqualified opinions in respect of the other financial statements, that did not suggest the absence of financial management problems in the United Nations Children's Fund (UNICEF), the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) and the Office of the United Nations High Commissioner for Refugees (UNHCR).

4. A major reason for the qualification for the fourth consecutive year of the audit of the accounts of UNFPA (A/45/5/Add.7) was the lack of audited status-of-funds statements from executing agencies. The Administration had given repeated assurances that it would solve that problem, but the report contained little evidence of progress. In fact, audit certificates remained outstanding from all United Nations executing agencies with the exception of the World Health Organization (WHO). The same was true, although to a lesser extent, of UNFPA projects executed by Governments and non-governmental organizations, which had submitted audit statements in respect of only approximately 11 and 5 per cent,

(Mr. Grossman, United States)

respectively, of their programme expenditures on projects. The failure to comply with audit procedures raised doubts as to the advisability of putting a greater share of UNFPA resources at the disposal of those executing agencies.

5. The absence of current documentation regarding the level of expenditures incurred by Governments against advances meant that the Board had been unable to assess the reasonableness of the balance of operating funds provided to Governments. That situation could result in serious mismanagement of UNFPA funds. With regard to the two meetings held in the Netherlands in 1989, which, in the view of the auditors, should have been charged to the UNFPA administrative budget rather than having been classified as programme expenditures, his delegation shared the auditors' concerns regarding the benefits of those meetings and did not consider the Administration's responses adequate.

6. With regard to the accounts of UNDP (A/45/5/Add.1), while the auditors had issued their fourth consecutive qualified opinion, there was evidence of progress in resolving many of the shortcomings in financial management and only two of the nine grounds for the Board's qualification in 1987 remained unresolved. The problem of the lack of audited financial statements in respect of expenditures by some executing agencies and Governments continued, although the situation had improved slightly in the case of Governments. He trusted that the change to biennial auditing of UNDP accounts with the biennium 1990-1991 and full implementation of the measures adopted by the Governing Council in 1988 would resolve the problem. Further, while significant progress had been made in correcting lapses in financial management control, the increase in the ratio of operating costs to total expenditure necessitated the inclusion in the budget for 1992-1993 of specific measures to address that problem. The practice of charging the costs of temporary personnel filling established posts against the established posts line item should be discontinued, since otherwise the true costs of temporary personnel would not be reflected in UNDP's accounts.

7. The large number of trust funds and sub-trust funds administered by UNDP created a considerable amount of additional work and reduced management efficiency. His delegation noted with concern that UNDP's Financial Regulations and Rules, which stipulated that trust funds should be accepted only on a fully-funded basis and that UNDP should enter into commitments only when it had received sufficient funds, apparently did not apply to sub-trust funds.

8. The insufficient number of replies from executing agencies and field offices to the questionnaire on a two-year project budget cycle did not permit any assessment of the advantages and disadvantages of the two-year cycle or any definitive conclusions. The Board of Auditors should continue to monitor the results of the new procedure.

9. The recurring nature of many of the deficiencies in personnel management at UNDP suggested the need for a reorganization of existing administrative arrangements. Mention should be made of the large number of project-funded personnel at headquarters, shortcomings in hiring practices for consultants and the

(Mr. Grossman, United States)

use of special service agreements, and the Administration's reluctance to undertake criminal proceedings against staff members found guilty of fraud. A clear policy favouring the use of legal measures would act as a deterrent. His delegation did not believe that the privileges and immunities extended to United Nations staff members prevented the use of criminal prosecution in cases of serious fraud.

10. With regard to the report on the accounts of the United Nations (A/45/5), his delegation wished to comment on the efforts made by the former Controller, Mr. Gómez, to strengthen financial management. Nevertheless, further steps were necessary to reduce the number of transfers between budget sections, expenditures in excess of allotments and the carrying forward of unliquidated obligations. Many of those problems would doubtless be eliminated once the integrated management information system was fully operational. It was also possible that improved data-processing systems might eliminate the problems of apportioning costs for common services at Vienna. In the mean time, the Administration should carefully analyse the current methodology for apportionment of such costs so that the amount financed by the regular budget of the United Nations was not excessive in relation to services provided to regular budget programmes.

11. With regard to the financial report on UNICEF (A/45/5/Add.2), the substantial increase in the Fund's resources called for an expansion of its programmes and services to women and children, without a concomitant expansion in administrative operations. Otherwise, there was a risk that some donors, particularly those facing substantial budgetary problems, might reduce their contributions.

12. The conclusion drawn from the fact that the growth in UNICEF staff had not kept pace with the growth in programmes was questionable. The analysis of the situation by the Board of Auditors had not taken into account such factors as the impact of inflation on the real value of UNICEF income, and efficiency gains resulting from substantial investments in labour-saving devices. Rectification of the numerous shortcomings in programme delivery identified by the Board would strengthen UNICEF's field operations, and better management of staff could lead to productivity gains. There was also excessive recourse to consultants, particularly in the field offices, although it was his suspicion that there were also a large number of consultants working at Headquarters. The Administration should present estimates of resources allocated to consultants and other categories of short-term staff from the administrative and programme budgets, together with information on the distribution of those resources between Headquarters and field offices.

13. The substantial resources available had apparently resulted in severe weaknesses in cash management. For example, UNICEF continued to grant advances to Governments without having seen the reports from the field offices on the utilization of previous advances. As a result, it had not been possible to determine the total amount of advances paid out to Governments. In view of the potential for fraud and abuse, the Administration must take immediate steps to correct that problem. Moreover, despite the fact that the Executive Board had approved measures to place strict limits on the use of general resources for projects financed from supplementary funds, the relevant guidelines were

(Mr. Grossman, United States)

interpreted too broadly. At its next session the Executive Board should consider the possibility of adopting more restrictive guidelines. Also questionable was the use of general resources to build housing for the project staff of a Government. His delegation wished to know whether Executive Board approval had been sought for those construction projects, whether the rents charged would enable the related costs to be fully recovered, and whether there were any other cases where UNICEF resources had been used for the construction or rental of housing for locally recruited staff. His delegation would also be grateful for an explanation of the methodology used by the Administration to determine the level of programme implementation, which in some cases apparently did not reflect the true situation.

14. As the largest contributor to UNRWA, the United States was greatly concerned by the continuing problems in the management of the Area Staff Provident Fund, which, to judge by the conclusions reached by the Board of Auditors in its report (A/45/5/Add.3), suggested the possibility of a financial disaster. The Commissioner-General might consider the possibility of replacing those currently responsible for administration and management of the Fund's resources, particularly the global custodian. It was to be hoped that the UNRWA representative would report on the measures taken by the Administration to eliminate the shortcomings and abuses identified by the Board.

15. The recommendation made by the Board of Auditors in its report on UNHCR (A/45/5/Add.5) regarding the need for a guaranteed source of income for the UNHCR programmes also gave rise to concern. A payment method based on assessments for the general programmes was neither necessary nor fiscally wise. It would be better to attempt to raise funds from non-traditional sources, both governmental and non-governmental. In addition, the Administration should exercise stricter control over its funds and recover costs for services and programmes.

16. Virtually all the audits revealed a lack of proper controls over inventory. All the organizations must take immediate action to institute strict control measures and to develop, together with the Board of Auditors and ACABQ, new procedures and guidelines to ensure that all non-expendable property was managed properly. His delegation was concerned at the continued failure of some audited organizations to respond positively to the General Assembly's request for detailed written reports on implementation of the recommendations of the Board and ACABQ. The continued lack of interest in providing Member States with useful information on a timely basis on measures taken to implement such recommendations was regrettable.

17. Mr. DANKWA (Ghana), referring to the report of the Board of Auditors on the United Nations (A/45/5), said that the way in which the request made by the General Assembly in operative paragraph 24 of resolution 44/183 had been dealt with meant that it was practically impossible for the Assembly to concentrate on the question of implementation of rule 114.1 of the Financial Rules. With regard to the qualified opinions expressed by the Board, he urged the organizations to try to rectify the situations that had given rise to the qualifications. He pointed out that, according to the report, expenditures continued to exceed both appropriations

(Mr. Dankwa, Ghana)

and allotments, and that that practice must be reduced to the minimum. While it was true that rules on allotment of credits were for internal use, they must be regarded as complementing the Financial Regulations and Rules and must thus be scrupulously respected. With regard to the conversion of unliquidated obligations to accounts payable, which had been questioned by the Board, unliquidated obligations must be considered from two points of view. If their cancellation had legal implications, they should not be cancelled but should be recorded separately in the financial statements as accounts payable. On the other hand, if the obligations had lapsed, it would be necessary to terminate the programme to which they referred or, failing that, to renew the relevant legislative mandate. Cash management was a question for serious concern, particularly in the case of the United Nations Interim Force in Lebanon (UNIFIL), where cash was administered as though accounting standards did not exist. While it was true that account must be taken of the particular circumstances obtaining in each place, the rules must not be broken.

18. With regard to management issues, the practice of hiring retired staff members should be reviewed, bearing in mind the regulations on the matter. In that regard, he also wondered why the Economic Commission for Africa (ECA) resorted to the practice of redeploying staff without reference to the staffing tables approved by the General Assembly, and was of the view that the granting to a staff member whose contract had been terminated of entitlements higher than those he would have received had he continued to work until the normal retirement age, which the Board of Auditors had denounced, must not constitute a precedent. He also agreed with the Board that the practice of making unauthorized overtime payments must cease, although he did not agree that an attempt should be made to recover those payments, since their beneficiaries had merely followed established practice.

19. He welcomed the removal of the qualification on the UNDP 1988 financial statements relating to cash-counterpart contributions. However, he regretted the qualifications on the 1989 statements relating to programme expenditure incurred by the United Nations executing agencies. He hoped that the biennial focus would allow the agencies sufficient time to present their reports to UNDP. He was also pleased to observe the improvements in the procedures applied in government-executed programmes. All those observations were also applicable to UNFPA, which should establish an appropriate mechanism to resolve the problem of the large proportion of outstanding advances.

20. UNICEF was in the unique situation of having excess liquidity. That fact could be prejudicial to it since some donors might decide to change the level of their contributions. UNICEF should stop giving advances to Governments which had not given due account of the use to which previous advances had been put and should set up a mechanism by which such information could be obtained from Governments.

21. With respect to UNICEF construction projects, although it shared the view expressed by the Board in paragraph 98 of its report (A/45/5/Add.2) that UNICEF should refrain from contracting huge projects where counterpart contributions might not be forthcoming, his delegation considered that the problems encountered by the

(Mr. Dankwa, Ghana)

field offices must be kept in mind and that programmes which were of direct benefit to women and children should not be cut simply because no counterpart funds were available.

22. His delegation stressed the need for strict compliance with the memorandum of understanding between UNHCR and the World Food Programme. With regard to the failure to report missing property items promptly, it was hard to believe that the Administration had stated by way of explanation that delays in reporting had occurred because, in relation to the total value of UNHCR property, the loss had not been significant (A/45/5/Add.5, para. 76). If UNHCR was not concerned about the loss of small amounts, perhaps it should not be entrusted with large amounts.

23. With respect to the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), his delegation endorsed the view of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) that the small unit recently established by the Agency for the administrative needs of the Area Staff Provident Fund was necessary, since it considered that the administration and management of the Fund should be independent of those same functions in UNRWA. While sharing the view of ACABQ on the need to establish an investment advisory committee composed of members with the appropriate expertise, he would appreciate clarification on the relationship between that committee and the Provident Fund Advisory Committee. It was above all necessary to avoid any duplication of functions. Thus, if the Provident Fund Advisory Committee was unable to provide expert advisory services, its composition should be altered, rather than creating another advisory committee. In any case, he would welcome comments from the Chairman of ACABQ on that point.

24. Mr. INOMATA (Japan) said that the financial accountability of the organs and organizations of the United Nations system must be ensured in order for Member States to have full confidence in their activities. At a time when Member States were demonstrating a growing commitment to the work of the United Nations, the organs and organizations of the system should continue their efforts to improve their accounting methods and their management and administration procedures, drawing upon the comprehensive auditing procedure entrusted by the General Assembly to the Board of Auditors. In that manner, the United Nations system would be able to ensure that the precious resources provided by Member States would be used in as effective and efficient a manner as possible.

25. The Chairman of the Board of Auditors had rightly stated that the Board's task was to evaluate the economy and efficiency of the programmes of United Nations organizations and, in some measure, to ascertain whether adequate procedures had been established to ensure effective utilization of the resources earmarked for programme implementation. The Board should follow those criteria in carrying out a comprehensive audit of programme effectiveness. Although the Board might not have sufficient expertise or resources to undertake such an audit at the present time, it was nevertheless very important for it to implement the recommendations of the Group of High-level Intergovernmental Experts to Review the Efficiency of the Administrative and Financial Functioning of the United Nations, including

(Mr. Inomata, Japan)

recommendation 67 (A/41/49), which stated that "there should be increased co-operation between the Joint Inspection Unit and the External Auditors" and that "the External Auditors should, on their part, put greater emphasis on management audits and other areas of importance as required by the legislative organs concerned". The External Auditors should therefore be encouraged to carry out their audits in a comprehensive manner in response to General Assembly resolution 44/183, without questioning the policies established by the General Assembly on the programmes of the organizations.

26. The Panel of External Auditors had pointed out the need to develop appropriate accounting principles and standards and to apply them uniformly to all organizations of the system. In the first place, that was difficult to put into practice, given the different circumstances of the various organizations. In the second place, the basic purpose of applying generally accepted accounting principles to United Nations organizations had yet to be defined, since it was clear that the financial accountability of international organizations could not be established on the basis of the same accounting principles that were used to determine the financial accountability and credit ratings of private enterprises. Accordingly, before commissioning an outside agency to carry out such a study, he wished to request the Panel of External Auditors to submit to the General Assembly, through ACC and ACABQ, a full explanation of the concrete problems which would be resolved by the development of new, generally accepted accounting principles for United Nations organizations, together with its view as to the feasibility and benefits of developing such principles for the entire United Nations system. One of the most important aspects of the study was the development of a general accounting framework for the preparation of the financial statements, which the General Assembly, in its resolution 44/183, had requested of the Secretary-General and the executive heads of United Nations organizations and programmes. Some progress had been achieved to date and it could be hoped that further work by ACC would contribute to facilitating the harmonization and standardization of financial statements, thus enhancing budgetary and administrative co-ordination within the United Nations system.

27. The delegation of Japan concurred fully with the Board's recommendation for strict adherence to the regulation on the transfer of unliquidated obligations from one financial period to another. There was nothing in the new procedures relating to programming and budgeting to prevent the Administration from seeking a reappropriation for any remaining obligations in respect of goods supplied and services rendered in the financial period to which they corresponded. If unliquidated obligations remained a valid charge, they could be transferred from the previous financial period as an obligation against current appropriations, without amending financial regulation 4.4.

28. The concrete case mentioned by the Board on paragraph 63 of its report (A/45/5) did not pertain to obligations to be discharged against goods and services delivered in accordance with financial regulation 4.3, since the printing services in question had not been completed by the end of the previous financial period. Consequently, there was no justification for amending financial regulation 4.4,

(Mr. Inomata, Japan)

unless the principle on the delivery of goods and services set forth in regulation 4.3 was also amended. Nevertheless, if some unliquidated obligations were to be reappropriated, the important problem remained of how and where their costs were to be charged, and whether they should be accommodated within the overall level of the current appropriations or within the contingency fund. The Administration had been facing that problem since the introduction of the new budgetary process. The Secretariat should therefore submit a thorough analysis of the problem, based on its experience in implementing the new budgetary process and in applying the Financial Regulations and Rules, in particular rules 104.1 to 104.3, 110.6, and 110.9, relating to the review of outstanding obligations.

29. The submission of the audit reports for UNDP and UNFPA on a biennial basis would not lead to any relaxation in the accounting discipline of those organs and should therefore be put into practice without prejudice to the competence of the Board of Auditors to examine their accounts annually if necessary. The objective of the new procedure was to ensure that adequate information was obtained concerning programme expenditures incurred by United Nations executing agencies and that there was adequate auditing of funds disbursed by Governments in their capacity as executing agencies of the projects financed by those bodies. In the past, the Board had issued qualified audit opinions on the accounts of UNDP and UNFPA because it had not received audit confirmation of programme expenditures by the executing agencies on time. It was to be hoped that the adoption of biennial auditing of the financial statements would achieve that goal and would dispel the confusion which arose when those expenditures were not confirmed by audits.

30. With respect to the problems relating to the engagement of research advisors under special service agreements with the World Institute of Development Economics Research (WIDER), the Board recommended, inter alia, that the Institute's Board should examine the feasibility of producing financial regulations and rules which catered to the specific needs of the Institute, in particular the recruitment of and travel arrangements for researchers. The Administration had responded that the question of the services of research advisors was under review along with that of the overall personnel policies and procedures being developed for the University as a whole. Nevertheless, the Board of Auditors retained that recommendation in its summary of recommendations. Since the observations and recommendations of the Board were provided before the Administration had had the opportunity to express its view, the Board should indicate whether it still believed it appropriate for the Institute, as an integral part of the United Nations University, to formulate separate financial regulations and rules. In the opinion of his delegation, the work of the General Assembly would be facilitated by a final recommendation in that respect, after the responses of the Administration had been taken into account.

31. Mr. KABIR (Bangladesh) said that the financial reports and audited financial statements, and reports of the Board of Auditors, deserved careful attention more than ever before, considering the new importance acquired by the United Nations system during the biennium 1988-1989. The biennium had been marked by a resurgence of peace-keeping activity. Four new peace-keeping operations had been initiated and the number of special missions had increased to four. Total expenditure for

(Mr. Kabir, Bangladesh)

the 11 existing peace-keeping operations had increased by 133 per cent. Similarly, the biennium had seen a significant increase in United Nations general trust fund activities and in technical co-operation. However, that growth had not been accompanied by an improvement in the financial situation of the United Nations. In the regular budget, the amount of unpaid assessed contributions had risen from $353 million to $461 million, and the sum of $436 million was owed for peace-keeping operations. It was unfortunate that, at a time when increased demands were being made on the United Nations, shortfalls in the receipt of contributions were causing operational difficulties and that the overall financial situation remained uncertain. It was to be hoped that the situation would be remedied soon through the fulfilment of financial obligations under the Charter.

32. The Board of Auditors had pointed out such weaknesses in the financial and control procedures of the United Nations as expenditures in excess of allotments, excessive obligation of allotments and unrecorded allotment advices. It had also pointed out deficiencies regarding procurement of supplies, non-expendable property and the administration and management of personnel. It was regrettable that the process of bidding for procurement of goods had become the exception rather than the rule. It was also regrettable that the Board had been unable to express an unqualified opinion on the question of programme expenditure incurred by United Nations executing agencies, as the required information had not been made available in time. That was a recurring problem, and it was to be hoped that the new procedure of biennial auditing would correct it.

33. The lack of auditing in the case of Governments-executed projects and the coverage of approximately 23 per cent of expenditure presented a limitation for the expression of an unqualified opinion by the Board regarding UNDP. His delegation was happy to note that the new procedures on accounting for Government-executed programme expenditures, introduced by UNDP in 1989, had led to a considerable increase in the number of disbursement reports by Governments. In that connection he drew attention to General Assembly resolution 44/211, in which appropriate emphasis was placed on government execution of programmes to promote and maximize the utilization of national capacities. The issue of accounting should not be allowed to become an obstacle to the expansion of government execution of programmes. He also agreed with the view that the number of project-funded posts at Headquarters should be kept to a minimum and that full compliance with UNDP Governing Council resolution 86/35 was necessary. He also supported the recommendation of the Board of Auditors that temporary assistance costs should appear as such in the budget and the financial statements, so that those costs were fully revealed to the extent that they were actually incurred.

34. On UNICEF, the report of the Board of Auditors noted that 42 per cent of projects financed through supplementary funds had a low implementation level, and that 6.5 per cent of those projects recorded zero implementation level. With regard to projects funded from general resources, those figures were 24 per cent and 4.5 per cent respectively. It was disturbing to note that the low and zero project deliveries had high concentrations in Asia and Africa, where effective child care was most needed. UNICEF should announce the measures it proposed to adopt to rectify that unhappy situation.

(Mr. Kabir, Bangladesh)

35. The Board's view on the problem of the increase in the work-load attributable to increased operational activities of UNICEF deserved priority attention of the administration of UNICEF. Further improvement was required in procedures for liquidation of cash advances to Governments and in the submission of returns by field offices to UNICEF headquarters. However, transfers of funds to Governments should not be stopped, as that would be a counterproductive measure that would cause suffering to innocent children.

36. The Board of Auditors had issued a qualified opinion on UNFPA for similar reasons, and it was to be hoped that the situation would be rectified in the interest of all concerned. There was a serious problem with respect to accounting, auditing and reporting requirements and procedures regarding programme expenditure executed by intergovernmental institutions and other agencies, including non-governmental organizations. It was hard to understand why UNFPA had not changed the procedures for those institutions, considering that procedures relating to projects executed by Governments had been changed in 1988.

37. While improvement was needed in the field of operating funds provided to Governments, advances should not be withheld; nor should interest be charged to Governments on that portion of the funds advanced which had not been used as programme expenditure. UNFPA should indicate the circumstances in which the costs for the two meetings organized by the Fund had been charged as projects, instead of being charged to the administrative and programme support services budget.

38. Mr. ALI KHAN (Pakistan) said that the financial reports and audited financial statements enabled the Committee to see the state of the finances of the United Nations and its system, and that was a matter of great importance. The delay in distribution of the documentation was frustrating, and the fact that the general debate on the item should be concluding only six days after its introduction was an additional burden for delegations.

39. His delegation was satisfied that the Board of Auditors was carrying out its work in such a way that funds were expended economically and efficiently. That was the function of auditing, which did not extend to questioning the policies established by the General Assembly in relation to its programmes. Such an interpretation would go beyond the scope of the Board's mandate.

40. The delegation of Pakistan was concerned to find that the Board had qualified its audit opinion on the financial status of the United Nations, especially as it referred to unpaid assessed contributions to both the regular budget and to peace-keeping operations. At a time when confidence in the United Nations was increasing, and even the sceptics had discovered its usefulness, it was to be hoped that dues would be paid in accordance with Charter obligations, so that the Organization would receive the unqualified opinion it so richly deserved.

41. Regarding the report of the Secretary-General on the implementation of the recommendations of the Board of Auditors and of the Advisory Committee on Administrative and Budgetary Questions (A/45/509), he noted that, in the first

(Mr. Ali Khan, Pakistan)

part, it paraphrased paragraphs 6 and 7 of resolution 44/183 and otherwise contained only a few very broad and general statements. His delegation would have liked to see more detailed reporting in the document.

42. It was regrettable that UNDP, UNFPA and UNICEF were among the bodies on which the Board of Auditors had expressed a qualified opinion. In respect of UNICEF, however, that qualification was not reflected in the opinion of the auditors contained in document A/45/5/Add.2, and some clarification concerning that point would be appreciated. He noted that, in the opinion of the Board, significant improvements had been made since UNDP and UNFPA had introduced new procedures in 1989 to ensure that programme expenditures of executing agencies were properly audited at the end of the year. The Board believed, however, that the proportion of unaudited programme expenditure in relation to total programme expenditure remained too high to allow an unqualified opinion. He trusted that eventually the new procedures would lead to improvement in the situation.

43. On the other hand, the Board stated that UNICEF had reported cash advances to Governments as programme expenditures, whether they had been fully utilized or not, and had distributed expenditures incurred on its Emergency Reserve Fund during the last biennium among general resources programme expenditures in the countries receiving the emergency assistance. Both practices resulted in a distorted picture of programme expenditure.

44. His delegation was also concerned that the Board's review of UNICEF programme execution showed that project delivery could be improved, especially in Asia and Africa. Furthermore, it fully shared the Board's concern that the reallocation of funds among projects should not lead to the neglect of projects in difficult areas.

45. Mr. ETUKET (Uganda) said that he was deeply concerned about the serious flaws referred to in paragraph 14 of the report of ACABQ (A/45/570). Despite the Secretariat's efforts to improve its accounting procedures, serious mistakes were still being made, which gave reason to wonder whether the General Assembly's decisions in that area might be ambiguous and give rise to problems of interpretation. If so, an effort should be made to ensure that the guidelines were clearer and more transparent. As for compliance with the regulations and rules, that was a matter that came within the Secretary-General's sphere of competence.

46. Uganda shared the view of ACABQ that the timely and effective implementation of technical projects was highly important. The administration felt that one of the problems in implementing such projects was a lack of co-operation on the part of the recipient Governments, but in the case of Uganda the problem was broader. As many developing countries knew, part of the problem was the absence of co-ordination and conflicts of interest among executing agencies. Because of that, there were various projects which either were not being implemented or were being implemented at a very slow pace. Furthermore, the tendency towards duplication of work in project delivery meant that Governments were wasting substantial resources. It was to be hoped that organizations and Governments would co-operate and ensure optimum use of resources.

(Mr. Etuket, Uganda)

47. In connection with the audit reports on UNDP, his delegation was concerned that some project-funded staff remained at headquarters. In the case of the developing countries, care must be taken to see that such staff served in the field. There were many examples of projects in the field that were not efficiently implemented because of the lack of UNDP staff. It was to be hoped that when the Governing Council of UNDP considered the budget that matter could be taken up in greater detail.

48. The report of the Board of Auditors on UNICEF (A/45/5/Add.2) indicated the reasons for the low or zero implementation levels of many projects, particularly in African and Asian countries. His delegation concurred fully with ACABQ's comments in paragraph 48 of its report (A/45/570) to the effect that the Administration should increase efforts to correct the situation regarding programme delivery, in particular to low-income countries. In that context, it supported the efforts of the administration of UNICEF to deal with those problems as well as its response to a related question referred to in paragraph 99 of the report of the Board of Auditors. The question concerned expenditure incurred by UNICEF in connection with a construction project for project personnel in a particular country. In that case, Uganda concurred fully with UNICEF's view that it had been necessary to provide housing so as not to delay the implementation and monitoring of project activities. UNICEF did not favour construction activities, save in exceptional cases. If paragraph 99 of the Board's report and paragraph 48 of the report of ACABQ were read together, it was hard to understand the arguments of ACAQB in that regard. Uganda supported the administrative arguments put forward by UNICEF to justify the expenditure and hoped that, in the informal consultations on draft resolutions on the reports of the Board of Auditors, its views would be taken into account.

AGENDA ITEM 125: SCALE OF ASSESSMENTS FOR THE APPORTIONMENT OF THE EXPENSES OF THE UNITED NATIONS (continued) (A/45/11)

49. Mr. GREGG (Australia), speaking on behalf of Australia, Canada and New Zealand, welcomed the serious attempt of the Committee on Contributions to respond to the concerns raised by a number of delegations, which had focused on the need to minimize increases for the poorer developing countries and the need to maintain stable assessment rates. That view was acceptable to the extent that it did not compromise the principle of capacity to pay, on which the current scale methodology was based. He also welcomed the inclusion in the report of self-explanatory trial scales and urged the Committee on Contributions to make even greater efforts to enhance transparency. It was to be hoped that it would be possible to reach agreement at the current session on a resolution giving the Committee on Contributions a clear and unambiguous mandate that would avoid further methodological complication.

50. The delegations of Australia, Canada and New Zealand fully supported the proposed increase in the low per capita income allowance to $2,600. That would maintain the limit at roughly the same level in real terms. If approved, the increase would benefit some of the neediest developing countries and the major part

(Mr. Gregg, Australia)

of the burden would be transferred to developed countries. It was important to ensure that the redistribution of assessment points was equitable and in accordance with the principle of capacity to pay. It would also have the beneficial side-effect of reducing the need for mitigation when the next scale was set.

51. For reasons of stability, it would be appropriate to maintain the ten-year statistical base period. Nevertheless, there were legitimate arguments in favour of a shorter period. Perhaps at some stage in the future the Fifth Committee could reach agreement on a compromise solution with a view to better reflecting current capacity to pay.

52. Of the alternative income concepts considered by the Committee on Contributions, only one seemed sufficiently well developed. However, the Committee should be encouraged to continue investigating macro-economic income concepts and conversion rates that could more accurately reflect capacity to pay than debt-adjusted national income.

53. The delegations of Australia, Canada and New Zealand continued to support the scheme of limits because it prevented fluctuations in Member States' assessments. Nevertheless, it was clear from the tables in document A/45/11 that repeated application of the scheme of limits, compounded by mitigation, had led to a number of anomalies. Some countries were paying more than they should and others were paying less. The Committee on Contributions should look further into the problem with a view to recommending ways in which those distortions might gradually be eliminated.

54. The Committee on Contributions had made progress in drawing up a list of factors to be taken into account in mitigation decisions. Although they were somewhat vague, they provided a basis for justifying certain decisions and for limiting the extent to which the different countries benefited from the process, and they could at the same time contribute to reducing the overall level of mitigation. It should not be forgotten that mitigation was not an official element of the methodology but an entirely voluntary process which depended on the generosity of a few Member States that offered to take up additional assessment points. It would not be appropriate, therefore, to set down rigid guidelines. Rather, effort should be concentrated on establishing a short list of technically credible factors which could be readily understood and accepted as a legitimate reason for mitigation. In that connection, the idea of excluding any factor which had already been taken into account in the scale methodology was particularly attractive.

55. Mr. REVENKO (Ukrainian Soviet Socialist Republic) said that the main criterion for determining the scale of assessments was the capacity to pay of Member States. Although most delegations were in favour of retaining the 10-year base period, it should not be idealized and its faults disregarded. The transition from a shorter period to 10 years had been made in the middle of the 1970s, when economic conditions had been different, and difficulties could arise now in determining the new scale. In examining the concept of national income, consideration might be

(Mr. Revenko, Ukrainian SSR)

given to the possibility of utilizing GNP, GDP and modified versions of them both, on the grounds that they were macro-economic indicators, recognized practically world wide, which had been formulated in the 1950s and 1960s after the scale of assessments had first been determined. From the statistical point of view, those indicators would provide more accurate data and would facilitate comparisons between countries. Moreover, the sixth stage in the process of international comparison based on GNP and GDP was being carried out in 1990 and sooner or later the Committee on Contributions would have to take the results of that operation into account.

56. In 1991, the Statistical Commission would be dealing with the System of National Accounts. It might perhaps be appropriate then to work out indicators that could be used by the Committee on Contributions. Attention might be drawn to that possibility in a General Assembly resolution.

57. The application of the system for avoiding excessive variations between successive scales should be supported, but the system must be compatible with the fundamental principle for the calculation of assessments. From time to time it was necessary to revise the low per capita income allowance formula upon determining the percentage change in average per capita income in the different Member States or in a similar indicator for the States as a whole. Lastly, his delegation wished to note that there were serious errors in the statistical data in the annexes to the Russian version of the report of the Committee on Contributions that made the tables less useful.

The meeting rose at 5.35 p.m.

UNITED NATIONS

General Assembly

FORTY-FIFTH SESSION

Official Records

FIFTH COMMITTEE
10th meeting
held on
Tuesday, 16 October 1990
at 3 p.m.
New York

SUMMARY RECORD OF THE 10th MEETING

Chairman: Mr. MAYCOCK (Barbados)

Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. MSELLE

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AGENDA ITEM 116: FINANCIAL REPORTS AND AUDITED FINANCIAL STATEMENTS, AND REPORTS OF THE BOARD OF AUDITORS (continued)

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The meeting was called to order at 3.25 p.m.

AGENDA ITEM 116: FINANCIAL REPORTS AND AUDITED FINANCIAL STATEMENTS, AND REPORTS OF THE BOARD OF AUDITORS (continued) (A/45/5 and Corr.1 and 2, vols. I, II and III, and Add.1, Add.2 and Corr.1, Add.3-5, Add.6 and Corr.1, Add.7 and Add.8 and Corr.1; A/45/457, A/45/509, A/45/537 and A/45/570 and Corr.1)

1. Mr. CHOUDHURY (India) said that the low utilization of extrabudgetary resources, which for certain sections of the regular budget of the United Nations had been less than 50 per cent, raised doubts regarding current procedures for the preparation of estimates of such resources. The Administration should indicate when it intended to submit a report on that methodology; the Board of Auditors and the Advisory Committee on Administrative and Budgetary Questions (ACABQ) should also keep extrabudgetary expenditures under closer review, particularly for such items as personnel recruitment and the procurement of equipment and supplies, with a view to ensuring that the rules and regulations of the Organization were fully respected. For example, during the biennium 1988-1989, only 20 per cent of the purchase orders which had been subject to bidding or requests for proposals had been made using the proscribed competitive bidding procedure. While departures from the rule were sometimes required, exceptions should not become more common than the rule. It was to be hoped that the Board would follow the matter closely and keep the General Assembly informed.

2. With regard to rent not credited to general income, the Economic Commission for Africa (ECA) and the other regional commissions should be asked to undertake a revision of rental and operating costs charged to the specialized agencies and other entities.

3. As for the irregular termination of a staff member's appointment by which the staff member had been awarded an indemnity higher than what he would have received at normal retirement age, it was to be hoped that such cases, which were difficult to justify and did not help maintain staff morale, would be avoided.

4. The Administration of the United Nations Development Programme (UNDP) should explain why it was necessary to establish a high number of project-related posts at headquarters; temporary assistance costs should also be reflected as such in the budget, rather than be charged against established posts. In addition, his delegation hoped that the Administration would avoid hiring consultants for long periods of time or to do work that could be done by regular staff members.

5. As the Board had noted in its report on the United Nations Population Fund (UNFPA) (A/45/5/Add.7), the financial statements for trust funds showed a debit balance of $?35,088. That was a violation of financial regulation 5.2. No expenditure should be incurred until the funds to cover it were available. Nor should meetings such as the International Forum on Population in the 21st Century or the meeting of UNFPA staff at Noordwijk be charged as projects. In the case of the United Nations Children's Fund (UNICEF), his delegation hoped that the Administration would make every effort to increase programme delivery, particularly

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in Africa and Asia, and pay greater attention to project planning, monitoring and evaluation.

6. The Office of the United Nations High Commissioner for Refugees (UNHCR) should record the purpose of every transfer of funds between donors and recipients, ensure that such transfers were made in accordance with the policies and aims of UNHCR, exercise adequate control over the use of the Unearmarked Trust Fund and ensure that voluntary contributions were accepted and utilized in a manner consistent with the financial regulations and rules of the United Nations governing the use of trust funds.

7. The Board's recommendations regarding the reorganization of the Area Staff Provident Fund of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) should be implemented in the light of the Advisory Committee's observations and recommendations.

8. The Administration of the United Nations Institute for Training and Research (UNITAR) should limit the Institute's expenditures and keep them within the approved budget and allotment. UNITAR should also record a liability of $73,138.69 in its books to reflect the rent owed the United Nations for the UNITAR office at Geneva.

9. Mr. GOMEZ (Associate Administrator, United Nations Development Programme), responding to questions raised in connection with the report of the Board of Auditors on UNDP (A/45/5/Add.1), said he was pleased that one of the problems that had caused the Board to issue a qualified opinion in its 1988 report had been resolved, namely the lack of a breakdown by project of Government cash-counterpart expenditure. Unfortunately, the Board had once again issued a qualified opinion, in the current instance because of a lack of audited financial statements from UNDP executing agencies and for government-executed programme expenditure. UNDP had made every effort to obtain statements from those bodies, but it was likely that the problem would remain for some time. Existing procedures and systems were apparently inadequate.

10. With regard to government-executed programme expenditure, it was true that audited expenditures at the time of audit, i.e. at the end of April 1990, had represented only 23 per cent of all project expenditures, which totalled $100 million; however, approximately 67 per cent of all expenditures had been audited by 10 October 1990. Furthermore, certified financial statements had been supplied in all cases.

11. The auditing of accounts was a statistical sampling of transactions entered into the accounts. To date, all accounts had been subject to auditing; however, in the future, the UNDP Administration hoped to apply less rigid standards in that area: only one third of all projects would be audited each year, with 100 per cent coverage achieved every three years. That measure would be taken up in consultations with the Board of Auditors. With regard to operating funds provided to Governments, it should be noted that, with the introduction of simplified accounting procedures, those balances had been reduced by $3 million.

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12. The UNDP Administration agreed with the Board of Auditors, ACABQ and many delegations that generally accepted accounting principles should be followed. Accordingly, UNDP welcomed the recommendation that the Panel of External Auditors should commission a study, perhaps utilizing the services of the International Accounting Standards Committee (IASC), on possible guidelines for the harmonization of financial statements. Several of the Board's observations had concerned technical issues rather than matters of principle. Consequently, measures had already been taken to rectify such problems as accrued interest, reconciliation and bank confirmations.

13. The question of unliquidated obligations could be separated into two elements. The first related to accounting and, he hoped, would be addressed in the study that IASC would be asked to carry out. The second element had to do with possible abuses of existing instructions. In that regard, UNDP had issued stricter guidelines in order to minimize potential problems and ensure compliance with the UNDP Financial Rules. Furthermore, the Panel of External Auditors was also reviewing the question, although it was the understanding of UNDP that few, if any, abuses had been found. It was therefore appropriate to await the Panel's recommendations.

14. With respect to the evaluation of procedures relating to the concept of a two-year project budget cycle, UNDP agreed with the auditors that it was too early to draw firm conclusions from the test, but it would follow the results closely and decide in due course.

15. The issue of project-funded posts at headquarters was of serious concern to UNDP and would be addressed in detail in the context of a strategy leading to the formulation of the budget for the biennium 1992-1993. UNDP proposed to reduce the number of such posts, implement a more restrictive policy with regard to their establishment and review the relevant guidelines.

16. The charging of costs for temporary assistance to budget lines for established posts was a matter which UNDP wished to pursue with the auditors so as to ensure that the presentation of such costs did not give rise to any misunderstandings. In all cases the accounting treatment of those costs was in conformity with current procedures. UNDP used temporary assistance to provide support during peak work-load periods and to cover extended sick and maternity leave. The practice made it unnecessary to maintain a level of established posts greater than required and allowed the replacement of staff members who were absent but still charged against posts. In those cases temporary assistance funds were charged because posts were encumbered and could not be double charged, and because the work-load was temporary. In the case of a vacant post which had to be filled on a temporary basis owing to unforeseen exigencies, the practice had been to charge the vacant post in question.

17. With regard to Special Service Agreements and the hiring of consultants, there was no adequate device for the hiring of short-term staff. The Division of Personnel of UNDP was reviewing all Special Service Agreements and would evaluate

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the traditional system of contracts. Under that review, the Division would develop an up-to-date strategy for temporary employment, since it viewed it as its most urgent task. Any situation which contradicted the guidelines outlined in paragraph 169 of the report of the Board of Auditors (A/45/5/Add.1), would be monitored. Exceptions, if any, would be cleared at the Director of Personnel or Administrator level and reasons logged for future reference.

18. While it was true that there had been a significant increase in the number of trust funds managed by UNDP, the trust fund was a modality authorized by the Governing Council to enable donors to fund specific activities and projects in co-operation with recipient Governments. UNDP ensured that each trust fund agreement included provisions to cover its costs. Nevertheless, it proposed to review the matter further to see if it was possible to streamline trust fund operations and reduce their number.

19. A Division of Personnel task force had been formed to review the system of functional titles, which would incorporate both General Service and Professional levels. The title of each post would clearly reflect its appropriate occupational group. The Common Classification of Occupational Groups established by the International Civil Service Commission (ICSC) would be used to establish the correct occupational designation of each post. Once endorsed by senior management, functional titles would be revised accordingly.

20. UNDP fully supported the recommendation on personal responsibility and financial liability. A circular had been issued in August 1990 drawing the attention of all staff to existing rules in that regard and highlighting those areas in which abuses might occur. In addition, no write-off would be approved without complete documentation regarding personal liability. Any indication of loss due to actions contrary to the Financial Regulations and Rules or to instructions issued in connection therewith would be fully investigated and appropriate action would be taken.

21. The representatives of Canada and China had raised questions on procurement practices. In the case of UNDP, the auditors had identified an inconsistency between the General Administration Manual and financial rule 114.23. Further, they had felt that the limit of $20,000 established for bidding was too high. The limit had been raised from $10,000 to $20,000 to take into account the effects of inflation, saving of staff time, simplification of procedures and the Administrator's desire to delegate further responsibility to field offices.

22. The representative of China had raised a question concerning budgetary discipline. Whereas the Administration had always concurred with the view that further improvements could be made in budgetary control, that should not be taken as an indication there were serious, system-wide problems with regard to the management and control of the overall budget or specific components thereof. Any discussion of budgetary control and discipline should be considered in the broader context of overall budget performance to avoid erroneous conclusions on the basis of isolated occurrences of allotment over-expenditures. In that regard, the

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Administration was satisfied with the budget performance for the biennium 1988-1989, since total expenditures had remained within the appropriations approved by the Governing Council.

23. In the five cases of over-expenditure against allotments at headquarters, a thorough review of the units' budgetary performance had been conducted in an effort to avoid any repetition in the future. With regard to field offices, it should be noted that in 1989 only five field offices had exceeded their allotments, as compared with 35 in 1988, 23 in 1987 and 30 in 1986. That reflected a considerable improvement in budgetary control and discipline. The situation in those five offices would be reviewed in detail to identify the reasons for over-expenditure and appropriate corrective measures would be taken.

24. The representative of the United States of America had raised a question on the funding of trust funds. The Financial Regulations and Rules applied to both trust funds and sub-trust funds. The applicable rule stated that UNDP should enter into commitments under trust fund activities only when it had received from the donors funds sufficient to finance such commitments, or where an agreed payment schedule covering the commitments existed. In 1989, one country, with the concurrence of the Administrator, had found it necessary to pay amounts due in 1989 early in the following year. The Administrator had agreed in order to avoid the impact on recipient Governments of terminating projects in 1989, thus incurring the costs inherent in restarting projects in 1990.

25. The United States representative had also questioned the Administration's reluctance to undertake criminal proceedings against staff members found guilty of fraud. The question of whether to pursue criminal proceedings was evaluated on a case-by-case basis. In the light of Section XX of the Convention on Privileges and Immunities of the United Nations, it was the Secretary-General who determined whether it was in the Organization's interest to pursue criminal proceedings. In one case, for example, such action was deemed appropriate in view of the significant amount involved. In other cases, either the amounts in question were recovered, or they were considered too small for legal action to be practical or cost-effective.

26. With regard to the use of Special Services Agreements to compensate staff at higher levels than their grades would permit, the Division of Personnel had used such Agreements to hire technical specialists in the field of electronic automation at a higher gross salary than for an equivalent grade within UNDP. That had been done in recognition of the market forces applying to such specialists and the fact that no long-term career would be available to them. The higher salary levels had been offset, however, by the benefits available to regular staff, such as pension and annual leave. In terms of total cost to the Organization, the two packages were equivalent.

27. UNDP was aware that the increasing ratio of operating costs to total expenditure was of concern to Member States. That matter would be addressed in the context of the 1992-1993 budget. Lastly, with regard to the management structure,

the review decided on in June 1990 was proceeding, and in June 1991 a report would be submitted to the Governing Council.

28. Mr. GARRIDO (Philippines) said he would appreciate it if the Chairman of the Board of Auditors could confirm whether consideration was being given to establishing a new format for UNDP financial reporting. Another point which required clarification concerned the implementation of the new or revised guidelines for the delineation of programmes and expenditures.

29. With regard to the United Nations Capital Development Fund, UNDP could perhaps issue annual reports which would be of great use to the members of the Fund and the Board of Auditors. Lastly, it was necessary to explain why, in paragraph 40 of the report of the Board of Auditors (A/45/5/Add.1), personnel appointment procedures for both internationally recruited and locally recruited staff were described as "cumbersome" if those procedures were uniform throughout the United Nations system.

30. Mr. MICHALSKI (United States of America) said it was encouraging to note that the administrative budget of UNDP for 1992-1993 would reflect the effort made by the Administration to reduce the share of UNDP resources allocated to administrative expenditures. With regard to the Special Services Agreements, he would appreciate knowing whether any of those Agreements provided that some persons should receive emoluments comparable to those received by an Under-Secretary-General or Assistant Secretary-General.

31. According to the information contained in paragraph 161 of the report of the Board of Auditors, it could be inferred from the number of probationary appointments which were converted into permanent appointments either that the Programme's recruitment procedures were exceptionally efficient or that the staff performance assessment procedures were deficient or virtually non-existent. It would be important to know the Administration's opinion in that regard.

32. With regard to the Inter-agency Procurement Services Office, it would be useful to know whether the Administration was considering a review of the functioning of the Office in order to reduce the level of resources allocated to the search for providers, when in reality it was the private sector which should seek to win UNDP as a customer. Lastly, with regard to the recommendation in paragraph 117 (f) of the report of the Board of Auditors that UNDP assets should be placed in creditworthy banks, it would be important to know whether UNDP funds had been invested in banks which were currently on the verge of bankruptcy.

33. Miss BEAULIEU (Canada) requested confirmation as to whether she had fully understood what the Associate Administrator had said with regard to the qualified opinion of the Board of Auditors concerning the fact that executing agencies could not comply with the stipulated deadlines for the submission of their financial statements, and if so, whether there was any plan to take corrective action in the future. With regard to the projects executed by Governments, certified financial statements had been mentioned, and she would appreciate clarification of that term.

34. Mr. GOMEZ (Associate Administrator, United Nations Development Programme) said that the questions raised by the representative of the Philippines could better be answered by the Chairman of the Board of Auditors. Concerning the reference to creditworthy banks, that term had been used by the Board in its report. In any case, it should be noted that the UNDP cash and investment management system was an extremely sound and well administered operation. The Programme's view of the Inter-agency Procurement Services Office was that it had helped to reduce system expenditures, that it provided a useful service and that it should not be seen as a monopolistic or oligopolistic arrangement for the procurement of supplies or services, but rather as a mechanism to promote competence. With regard to Special Services Agreements, there was one consultant in UNDP whose emoluments would be equivalent or similar to those received by a higher-ranking official such as an Assistant Secretary-General.

35. Concerning the question raised by the representative of Canada, the qualified opinion had indeed referred to the absence of audited financial statements from executing agencies and Governments. With regard to the former, it was very difficult for the executing agencies to submit them on time and, regrettably, it was not expected that the problem could be solved in a very short time. Concerning the meaning of the term certified financial statements, the statements submitted by UNDP had been certified by the Officer-in-Charge of the Division of Finance. The same was true of the financial statements submitted by Governments, which were certified by authorized government officials.

36. The CHAIRMAN said that the Chairman of the Board of Auditors would reply to the questions raised by the delegation of the Philippines at a later meeting.

37. Mr. KITATANI (Deputy Executive Director, United Nations Population Fund) said that the qualification on the ground of the absence of audit statements from United Nations executing agencies and the problem of tardy submission of expenditure reports were issues that also concerned the United Nations Population Fund (UNFPA) and for which solutions were being sought. The submission of financial statements on a biennial basis should solve the problem, provided that the executing agencies submitted audit certificates in a timely manner to the Board of Auditors. In order to rectify that situation, the Governing Council in June 1990 had approved appropriate amendments to the Fund's Financial Regulations. Beginning with the biennium 1990-1991, it would be possible to submit audited financial statements to the General Assembly and the Governing Council. The Governing Council had also invited the Board of Auditors to issue a special report for the first year of the biennium, through the Advisory Committee on Administrative and Budgetary Questions (ACABQ), on any related matters which might require the attention of the Governing Council and the General Assembly.

38. With regard to the other ground for the qualification, namely, the absence of audited expenditure statements for projects executed by Governments and non-governmental orga izations, he assured the Fifth Committee that UNFPA was devoting all due attention to that subject. Although steps had been taken, a large number of Governments had found it difficult to submit year-end audit reports. In order to improve the financial reporting, Governments would be assisted in training

their staff so that their financial reporting and audit responsibilities could be discharged satisfactorily. Steps were also being taken to streamline the existing system, to strengthen the capacity of the UNFPA field offices and headquarters units, to meet additional demands arising from government-executed projects and to ensure that such projects were properly reported and audited.

39. UNFPA was currently reviewing and updating its financial reporting and auditing procedures for projects executed by non-governmental organizations. At least 75 per cent of the funds spent by non-governmental organizations were supported by audit certificates received within one year after the closing of the annual accounts. Although UNFPA did not normally finance the cost of audit exercises, it was taking steps to reimburse certain non-governmental organizations for the cost of independent audits when such organizations were unable to comply with the audit requirements owing to financial constraints. In doing so, it took into account the amount of the approved project budget, the nature of the project and previous experience with the organization concerned.

40. In the past 20 years, UNFPA had financed or co-financed numerous meetings at all levels, and all expenditures had been charged to project budgets. A listing of such projects was provided to the Governing Council annually in the Executive Director's report on allocations to projects. The subject of the delineation between programme, programme support and administration costs was a point that UNFPA would take into account in formulating its plans and budgets in the future; it would try to establish clear policy guidelines in that regard.

41. Ms. LOKHAUG (Deputy Executive Director, United Nations Children's Fund), referring to several points raised by delegations, said that UNICEF followed a policy of strict control and management of cash advances. For example, it had established that no further transfers of funds could be made in respect of an activity if a certificate of use of prior funds had been outstanding for more than six months. UNICEF had already taken several steps to ensure full and complete compliance with the guidelines. All field offices had been asked to obtain the supporting documentation on cash advances from Governments and submit it to headquarters as soon as possible. On the initiative of the Comptroller, a high-level task force had been established to review and further refine the control and management of advances at both field offices and headquarters. The format of the reports submitted by UNICEF field offices on the status of advances had been modified to highlight for corrective action those advances that were overdue.

42. Only three years earlier, the general resource cash balance of UNICEF had been very low, and the Fund had been cautious in the income projections and programme planning levels included in the subsequent medium-term plan, so as to restore the general resource cash balance to the level required to meet its liquidity needs. The strategy had been effective to the point that current cash levels now exceeded the level required by the Fund's liquidity policy. The current financial medium-term plan approved by the Executive Board of UNICEF provided the basis for reducing the general resources cash balance by the end of 1993 in a systematic and orderly fashion by planning for an increase in programme expenditures. Thus, the

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medium-term plan called for general resource programme expenditures for the 1990-1991 biennium to increase by 40 per cent over the levels spent in the 1988-1989 biennium. UNICEF had faced accelerated rises and falls in its liquidity. Rather than weaken programme effectiveness by sharply accelerating and decelerating programme delivery, it believed it more prudent to take a medium-term view and maintain smooth changes in programme delivery.

43. The Executive Board had on several occasions authorized the Executive Director to commit general resources to supplementary-funded projects that had remained unfunded for more than a year, provided that sufficient general resources were available. A detailed report on the use of general resources for supplementary-funded projects was presented to the Executive Board each year, and the most recent medium-term plan approved by the Executive Board included an amount of $16 million to be spent from general resources in the 1990-1991 biennium for that purpose. At a time when UNICEF had a high liquidity balance, such action helped to ensure that programme delivery remained along the lines approved by the Executive Board, and to avoid the possibility of weakening programme quality by suddenly increasing the general resources country programme.

44. As a general policy, UNICEF did not favour housing-construction activities, but exceptional situations could arise in developing countries where a lack of minimal infrastructure could imperil the implementation of important programmes, and such situations called for exceptional solutions. Reference had been made to a case in which housing had been built for the project staff of a national Government; in that case, the implementation of a programme involving $24.5 million and benefiting 3.4 million people would have been jeopardized. She wished to stress that the housing involved in that case had been for the project staff of the national Government and that programme funds had never been used to supply housing for UNICEF staff.

45. There were a few instances where some field offices had engaged the services of experts and consultants to perform duties that could have been performed by regular staff members. The Administration had encouraged all field offices to make full use of in-house resources before hiring consultants. With regard to the use of consultants at headquarters and field offices, she said that the current estimates of expenditures for the 1990-1991 biennium for the services of short-term Professional staff from the administrative budget was $3.1 million for headquarters and $1.3 million for the field offices. That level of expenditure was within the limits set in the biennial administrative budget approved by the Executive Board. With regard to the amount of resources spent from the programme budget on consultants, she said that, in 1989, the cost of consultants and short-term personnel had amounted to $11.7 million, or 2.3 per cent of a total programme expenditure for the year of $501 million. Of that amount, $10.5 million had gone to field offices and $1.2 million to headquarters.

46. The Executive Board had requested that a full report on UNICEF's long-term headquarters space requirements should be prepared for its 1991 session, and that topic, along with UNICEF staffing requirements for the 1992-1993 biennium, would be

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reviewed at that time. It should be noted that the majority of UNICEF staff was located in field offices and not at headquarters. In 1980, 75.7 per cent of all core posts had been located in field offices, and by 1990, the percentage had increased to 83.3 per cent. With regard to the issue of property controls, she said that the head of each UNICEF office was responsible for maintenance and accountability of property records, and for sending to headquarters an annual statement indicating that a physical inventory had been carried out, together with a report of the total value of non-expendable equipment. UNICEF headquarters maintained a master inventory list in its computer system.

47. With regard to the question of the timely submission of reports on the implementation of the recommendations of the Board of Auditors and ACABQ, she said that UNICEF had submitted a report on specific measures taken to implement the recommendations (E/ICEF/1989/AB/L.13) to the Executive Board at its April 1989 session, and at that same session, the Executive Director had submitted a more detailed report on several actions that had been taken to improve budget, financial and accounting controls (E/ICEF/1989/2, Part II). At its 1990 session, the Executive Board of UNICEF had considered a report prepared for the Board of Auditors and ACABQ regarding General Assembly resolution 44/183 (E/ICEF/1990/AB/L.14).

48. In the 1988-1989 financial statements, expenditures from the Emergency Reserve Fund had been reported at the country level since they were an adjunct to other country-level expenditures and were controlled by the country office. Nevertheless, in order to achieve greater transparency, UNICEF had agreed to report expenditures from the Emergency Reserve Fund separately, beginning with the 1990 interim financial statements.

49. Although most field offices had improved their implementation rates, there were some that required attention. Steps had been taken to improve monitoring procedures, so that whenever it appeared that a field office had low levels of planned expenditures for the year, headquarters would follow up with the field office concerned to improve the situation. It should be recognized that some field offices operated in extremely difficult circumstances and faced many implementation difficulties resulting from external factors totally beyond their control.

50. The Executive Board had decided in 1987 that biennial financial reports would be prepared and that decision had been supported by ACABQ. In its resolution 44/183, however, the General Assembly had requested the Board of Auditors to carry out an audit examination of substantive matters, including management issues, in respect of the first year of each biennium. It must therefore be determined whether, considering that it was currently preparing biennial financial reports, UNICEF would have to change that practice and, unlike other organizations in the system, submit such reports annually. If the Fifth Committee decided to recommend the change, it would have to mention that in its draft resolution on the item.

51. Mr. MICHALSKI (United States of America) expressed satisfaction that the Executive Board of UNICEF had begun to take measures in response to the observations and recommendations of the Board of Auditors, particularly with respect to cash management. He asked whether UNICEF awarded special-service agreements which might involve salaries higher than that of an Under-Secretary-General or Assistant Secretary-General and whether there had been instances of fraud other than those indicated by the Board. He also wished to know whether, in 1991, there would be an audit of the expenses for the World Summit for Children and, if so, whether the results would be made public. It would also be interesting to know whether UNICEF had taken measures such as rent collection in order to recover a portion of the $1.3 million earmarked by a field office for housing construction and how many housing units had been built with that sum. In his delegation's view, new auditing procedures had not been established for UNICEF and, more than that, the General Assembly had placed UNICEF on an equal footing with UNDP and UNEP, which were required to submit reports from their governing councils in non-budget years. It would be better not to introduce changes in that regard, but rather to maintain the system.

52. Mr. GARRIDO (Philippines), referring to the four field offices which had incurred expenses exceeding their allotments, asked whether the UNICEF Executive Board planned to suspend new appropriations to those offices or whether it had allocated resources to them from the budgetary surplus.

53. Ms. LOKHAUG (Deputy Executive Director, United Nations Children's Fund) said that UNICEF did not award special-service agreements which involved the payment of salaries in the Under-Secretary-General and Assistant Secretary-General categories. It was UNICEF's intention to submit a report to the Executive Board at its next session on the expenses for the World Summit for Children, provided that the relevant accounts had already been closed.

54. She had no information on the number of housing units constructed. Only a portion of the $1.3 million earmarked for construction was for housing; the rest was for construction under the project itself. UNICEF had not taken and did not plan to take any measure whereby the Government concerned would reimburse it for a portion of the expenses.

55. Although there had been reports that four field offices had exceeded their 1989-1990 budgetary allotments, there had been cases at those offices and at many others in which expenditure was below the allotments. None the less, UNICEF had begun to apply much stricter budgetary control measures and, since early 1990, it had begun to introduce better computerized methods of budgetary control. UNICEF had not had to incur expenditure in excess of the approved budget; it had done nothing more than transfer between allotments. All cases of fraud had been brought to the attention of the Board of Auditors.

56. Mr. MILES (Director, New York Liaison Office, United Nations Relief and Works Agency for Palestine Refugees in the Near East) said that the topic of unliquidated obligations was rather more technical in nature and had resulted in certain differences between the Board of Auditors and various organizations in the system;

they could be attributed, above all, to the applicability of the generally accepted accounting principles. The recommendation by the Panel of External Auditors that a study should be conducted with a view to formulating proper accounting norms and principles which could be applied system-wide, was therefore positive. UNRWA would be interested in participating in such a study.

57. ACABQ had done a detailed analysis of the situation of the Area Staff Provident Fund. Owing to a considerable increase in the Fund's assets (from $107.3 million in 1979 to $500 million in 1989), the growing responsibility of those who managed the Fund, and the greater complexity of the day-to-day problems which arose, the Commissioner-General had launched an initiative to redefine the relationship between the Fund and the Agency and restructure its management. As part of the process, the Commissioner-General had hired a consultant, whose recommendations had begun to be implemented in 1988. The first major change involved the appointment of a global custodian. Other changes recommended by the consultant concerning the relationship between the global custodian and the investment managers had not been made, largely because they had not had the necessary support of the representatives of the Fund's members and the Commissioner-General. Much of the criticism levelled at the activities of the global custodian in the report of the Board of Auditors stemmed from the fact that the new investment structure, of which the custodian was to be only one part, had not been established. He had therefore been unable to carry out any of the duties which had been originally assigned to him. Consequently, the Agency had negotiated a reduction in the custodian's fees, commensurate with his limited duties and changed market conditions.

58. The second major change involved the adoption of measures aimed at separating management of the Fund from the financial administration of the Agency. To that end, a special unit had been established to manage the Fund; it reported directly to the Commissioner-General. That unit, which was financed from the Fund, had only begun operating, but it was hoped that it would be able to separate management of the Fund from the administration of the Department of Finance, in addition to improving that administration. As for the possibility of a financial disaster in the Fund because of investments in high-risk instruments, the fact was that in a three-year period, investments of that type had been made on only six occasions and the amounts involved had been relatively small. Moreover, measures had already been taken with the aim of determining more accurately the type of investments which could be made by Fund managers. The observation that the Fund's administrative costs continued to be too high was a matter of opinion. In any case, the analysis of those costs, contained in the report of the Board of Auditors (A/45/5/Add.3, paras. 94-98), concluded that total administrative expenses had not been extraordinarily high compared to the costs of other funds of the same size.

59. Referring to the remark that the global custodian's fees were too high for his limited duties, he said that those fees had been set on the basis of the description of his duties and market rates. In fact, the fees had been reduced every year since 1988 and the Agency would continue to attempt to hire the global custodian on the most favourable possible terms in future.

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60. It must be acknowledged that the members of the Provident Fund Advisory Committee did not have specialized knowledge in finance. The recommendation by the Board of Auditors that as part of the current reorganization, an investment advisory committee made up of experts should be created, was therefore positive. If that was done, the current Provident Fund Advisory Committee, an essential vehicle for membership participation, would, however, be maintained, but its advisory functions would be of a more general nature.

61. With regard to the suggestion that the Commissioner-General should consider replacing the firms or people currently responsible for administering the Fund's resources, the Commissioner-General, in exercising his duties relating to the administration of the Fund, remained aware of the need to monitor the investment managers' performance and to make any necessary changes, and he would continue to do with the aid of the new machinery that was to be set up.

62. Information had been requested on steps taken by the Administration to eliminate abuse and the weaknesses identified by the Board of Auditors. The Board's report did not actually refer to any instances of abuse, but he hoped that where weaknesses had been found the explanations provided dealt with the points raised and allayed Committee members' fears.

63. Mr. MICHALSKI (United States of America) said that, although the Provident Fund was financed separately from the Joint Staff Pension Fund, he wished to know whether the Commissioner-General had considered the possibility of transferring its administration to the Joint Staff Pension Fund, subject, of course, to payment of appropriate fees. He also wished to know why the Provident Fund was administered separately from the Joint Staff Pension Fund. Having the Provident Fund administered by the Joint Staff Pension Fund would be a way of reducing administrative costs, since the Board's report showed that the Joint Staff Pension Fund's administrative costs were lower than those of the Provident Fund.

64. The Board's conclusions on the Provident Fund's financial situation, which were more detailed than its conclusions on any other subjects in recent years, suggested that serious problems had arisen in the administration of the Provident Fund. Since the Provident Fund was not financed from Member States' assessed contributions, however, one could assume that if the Fund's administration did not improve and its resources were wasted owing to either poor investments or high administrative costs the Fund's beneficiaries would be the ones to suffer, not contributors to the Agency. The United States Government did not intend to provide any sort of subsidy or make any additional contribution to compensate for any losses that the Fund might sustain.

65. Mr. MILES (Director, New York Liaison Office of the United Nations Relief and Works Agency for Palestine Refugees in the Near East) said that, although there had been discussions between the staff who operated the Provident Fund and the staff of the Joint Staff Pension Fund, which had offered to take over the administration of the Provident Fund, he was unable to say whether the issue raised by the United States had been discussed. Naturally, he would inform the Commissioner-General of

(Mr. Miles)

the matter. However, much would depend on the position taken by the Joint Staff Pension Fund. The way in which the UNRWA Provident Fund was administered was very different from the way in which the United Nations Joint Staff Pension Fund was administered, and the field staff who carried out a high proportion of the administrative work would have to continue to do so. Assistance from the Joint Staff Pension Fund could be beneficial in other areas, such as in investment-related matters.

66. With regard to the second point raised, any losses that might occur would have a greater adverse effect on beneficiaries than on contributors. In any event, it must be stressed that the Provident Fund's assets had increased from $100 million 10 years earlier to $500 million, which gave reason to believe that the Fund was properly adminstered.

67. Mr. GUPTA (India) said that the extremely extensive experience of the Joint Staff Pension Fund and its Investments Committee would be of great use to UNRWA in reorganizing its own structures, particularly with regard to the investment advisory committee that was to be set up.

68. Mr. KINCHEN (United Kingdom) reaffirmed his country's political and financial support for UNRWA and said that the important thing to remember when considering the Provident Fund's administration was the welfare of the Fund's participants. With regard to the relationship between the investment managers and the custodian, it would have been useful to have more information on the implementation of the Board's earlier recommendations. Lastly, although the United Kingdom agreed that it was appropriate to take advantage of the expertise of the Investments Committee of the Joint Staff Pension Fund, it was not clear whether the Investments Committee had the necessary mandate to provide advice on the management of the Provident Fund's resources. In paragraph 66 of its report, the Advisory Committee seemed to be recommending the establishment of an advisory committee with a mandate similar to that of the Investments Committee. That possibility should be given careful consideration.

69. Mr. MILES (Director, New York Liaison Office of the United Nations Relief and Works Agency for Palestine Refugees in the Near East) said that he did not know to what extent it would be possible to consolidate the investment advisory functions of the Provident Fund and the Joint Staff Pension Fund, but the matter could certainly be given further consideration. Any decisions taken in that connection would largely depend on the mandates of the bodies concerned and on the two parties' assessment of practical considerations. The Commissioner-General would, in any event, be duly informed of the suggestions put forward.

70. Mr. ROMERO-PEREZ (Deputy Regional Representative, Office of the United Nations High Commissioner for Refugees (UNHCR)) said that UNHCR was having very serious financial difficulties, owing primarily to continually increasing refugee flows, without a corresponding decrease in refugees already under its care and protection, and to the unpredictability of voluntary funds. As a result it had been necessary to carry out repeated budget revisions, with serious consequences for refugees, countries of asylum, implementing partners and UNHCR itself.

(Mr. Romero-Perez)

71. With specific reference to comments in the Advisory Committee's report (A/45/570), UNHCR was looking for different terminology concerning funds that fell within the category of trust funds - terminology that would be easier to relate to the overall programme and budget presentation. Changes had been made in administrative procedures relating to "simple transfers", and the members of the Committee could rest assured that special donations were essentially destined for operational partners who were participating in the implementation of refugee programmes. The amount mentioned in paragraph 54 of the report represented some 2.8 per cent of total 1989 voluntary expenditures. With regard to the statement on unearmarked contributions, UNHCR agreed with the recommendations of the Board of Auditors and would implement them should such funds be made available in the future. Following agreement with the two donors, no further administrative costs would be charged to that fund.

72. UNHCR was implementing the auditors' recommendations on the payment of pledges. In one case, for example, it had succeeded in reducing outstanding contributions from one donor in an amount of $15.8 million at the end of 1989 to approximately $60,000 by the end of September 1990. In 1990 UNHCR and the World Food Programme had put in place a new procedure for the timely reimbursement of costs incurred by UNHCR. The 1990-1991 programme and budget presentation envisaged total reimbursements of $11 million and $19.4 million, respectively, for the two years in question.

73. With regard to the improper recording and inventory of non-expendable property totalling $13.5 million, it must be borne in mind that out of that total a sum of $830,000 represented UNHCR property that had since been properly inventoried. The balance of $12.6 million had been handed over to implementing partners under existing agreements.

74. Mr. MICHALSKI (United States of America), referring to the recommendation made by the Board of Auditors in paragraph 5 (h) of its report (A/45/5/Add.5), asked whether steps had been taken in the case of offices whose administrative costs exceeded programme costs to close the offices or to raise the level of programme implementation.

The meeting rose at 6.15 p.m.

UNITED NATIONS

General Assembly

FORTY-FIFTH SESSION

Official Records

FIFTH COMMITTEE
11th meeting
held on
Wednesday, 17 October 1990
at 10 a.m.
New York

SUMMARY RECORD OF THE 11th MEETING

Chairman: Mr. MAYCOCK (Barbados)

Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. MSELLE

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The meeting was called to order at 10.30 a.m.

AGENDA ITEM 116: FINANCIAL REPORTS AND AUDITED FINANCIAL STATEMENTS, AND REPORTS OF THE BOARD OF AUDITORS (continued) (A/45/5 and Corr.1 and 2, Vols. I, II and III, and Add.1, Add.2 and Corr.1, Add.3-5, Add.6 and Corr.1, Add.7 and Add.8 and Corr.1, A/45/457, A/45/509, A/45/537 and A/45/570 and Corr.1)

1. Mr. ROMERO-PEREZ (Office of the United Nations High Commissioner for Refugees), referring to the rationalization of the field offices of the Office of the United Nations High Commissioner for Refugees (UNHCR), said that the Executive Committee of the High Commissioner's Programme had recommended a review of the matter so as to ensure the best utilization of staff. A number of offices had been reviewed with a view to rationalization, and eight had been closed in 1990. Other closings were due to take place before the end of the year. Under the rationalization process, UNHCR was attempting to regionalize its activities, so that, for example, the Cairo office would take responsibility for the Middle East and North Africa. The potential for regionalization was clearly related to the level of programme activities, and further consideration of its effectiveness would be necessary.

2. Mr. Y. K. GUPTA (India) drew the Committee's attention to paragraphs 36 to 40 of the report of the Board of Auditors on the United Nations Institute for Training and Research (UNITAR) (A/45/5/Add.4), concerning a rental charge for the premises occupied by UNITAR-Geneva. It was his understanding that the Secretary-General intended to report to the Second Committee on the matter in due course.

3. Mr. MICHALSKI (United States of America) said that his delegation was gratified to note the increased income generated by the sale of UNITAR publications in 1989. It would welcome an assurance that the ground-floor tenants of the UNITAR building in New York were paying a fair market rent and that no problems had arisen in the collection of the rent.

4. Mr. DOO KINGUE (Executive Director, United Nations Institute for Training and Research) said that UNITAR had received rent from the United States Government regularly in respect of its occupation of UNITAR premises in New York. He would be gratified if the United States Government, in addition, chose to make a voluntary contribution to UNITAR commensurate with the number of United States trainees at the Institute. The United States Government might wish to take into account that it was the second heaviest user of the Institute's facilities, and that other major users were also major contributors.

5. The Secretary-General intended to comment on the question of a rental charge for the Geneva premises in his report to the Second Committee on the long-term issues relating to the financing of UNITAR, to be submitted at the current session.

6. Mr. ANNAN (Controller) said that the Board of Auditors provided valuable assistance in indicating more effective ways to manage the Organization's resources; its recommendations were an essential contribution to the Secretariat's efforts to improve internal control and increase efficiency.

(Mr. Annan)

7. A number of delegations had commented on the brevity of the Secretary-General's report on the implementation of the recommendations of the Board and of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) (A/45/509). That was due to the fact that the Board had made only six recommendations and that the views of the Secretariat were already reflected in the relevant paragraphs of the Board's report.

8. In connection with the Board's comments on the importance of the budget performance report in preventing appropriations being exceeded, and the Advisory Committee's remarks concerning excesses of expenditures over appropriations, transfers between sections of the programme budget and the need to improve control procedures, it should be noted that the net effect of transfers between sections at the end of a biennium was not to change or exceed total appropriations. The aim was, rather, to offset over-expenditures in some sections against under-expenditures in others, in the interests of good management. While there was a need to ensure that funds appropriated were utilized for the purpose intended and that the Financial Regulations and Rules were respected, there was also a need for flexibility at the discretion of the Secretary-General. In a complex programme budget it was not unreasonable to expect variances in final expenditures with respect to appropriations.

9. With regard to the biennium 1988-1989, the final performance report had reflected a decreased figure for final appropriations of $1,772.3 million. Within that amount, expenditures in excess of appropriations had been incurred in 10 budget sections and expenditures below appropriations in 24 sections. Those variations arose because the information on which estimates of final expenditure were based was not as timely or accurate as it might be. That situation was not new, and the budget adjustments at the end of the biennium 1988-1989 had not differed significantly from those made in previous years.

10. The introduction of the integrated management information system (IMIS) should lead to improvements in that more complete and timely accounting information would be available for the preparation of the final performance report and an up-to-date picture of the status of allotments would be maintained at all times, so that obligations, other than for salary items, which would result in allotments being exceeded would not be accepted. The replacement by computerized controls of the manual controls currently used to screen new obligations presented towards the end of a financial period should have a significant impact on the integrity of the budgetary control system.

11. With regard to programme performance, it was clear that current methods for measuring and reporting were not satisfactory; it was still not possible to assess the impact of extrabudgetary resources on programmes or to cost outputs. Greater transparency was needed, one element of which would be improved presentation of the programme budget. No one had a ready-made solution to that problem. The Secretariat would continue to work on various aspects of the question, taking into account the various recommendations made.

(Mr. Annan)

12. Financial regulation 4.4 required that obligations which remained valid at the end of one year following the end of the accounting period to which they related should be transferred as a charge against current appropriations. The Board of Auditors had cited cases in which such charges had instead been transferred to accounts payable. The Administration had explained that new procedures had made it virtually impossible to seek budgetary authority for major expenditure in a new biennium to replace a lapsed obligation from a previous biennium which remained payable. The Advisory Committee felt that the Administration should submit an appropriate amendment to financial regulation 4.4, and the Secretariat intended to follow that advice.

13. With regard to overtime payments in the Security and Safety Service, security officers were entitled to time off or overtime compensation in respect of holiday work which was unavoidable given their responsibilities. The practice was comparable to that applied to other staff in the General Service and similar categories who might be required to work on holidays or at weekends.

14. As for the qualification by the Board of Auditors of its audit opinion with respect to the collectibility of unpaid assessed contributions both for the regular budget and for peace-keeping operations, the Secretary-General shared the concern expressed in the Committee, and would continue to seek a long-term solution.

15. Mr. GARRIDO (Philippines), referring to peace-keeping operations, said that the Financial Regulations provided for the recording of non-expendable property, yet the Board had noted the non-recording of property acquisitions. The matter was clearly of importance, particularly in view of the expansion of peace-keeping operations.

16. Mr. Y. K. GUPTA (India) said that the Board of Auditors had noted in its report (A/45/5, vol. I, paras. 68-70) that budget sections whose activities were largely financed from extrabudgetary resources had the lowest utilization rates. The auditors had indicated the need for more refined methods in respect of such estimates. Nevertheless, his delegation would welcome a clearer statement as to when a report on a new methodology could be expected.

17. He was concerned by the details of the termination referred to in paragraphs 100 to 106 of the report, which had resulted in a cost to the Organization of some $200,000. Lastly, while his delegation was satisfied with the overall quality of the Board's reports, further details should be provided of extrabudgetary expenditures.

18. Mr. MICHALSKI (United States of America) said that his delegation wished to receive details of any special service agreements at the Assistant and Under-Secretary-General levels for the biennium 1988-1989. He asked whether the Board had conducted a full audit of Staff Union activities during the biennium, and whether the Organization was still subsidizing the day-care centre in Geneva. With regard to procurement management, the Board had noted, in paragraph 140 of its report (A/45/5, vol. I), that only 20 per cent of contracts had been awarded

(Mr. Michalski, United States)

through public bidding. An explanation of that situation was needed. He also asked whether there had been any change in the electrical contractor at Headquarters, a matter which had been under discussion for some time. He noted that there had been many instances of fraud involving tax claims by United States nationals as well as claims for various benefits, and asked whether current procedures would prevent any recurrence of such fraudulent claims. Lastly, more information was required concerning the performance report.

19. Mr. SPAANS (Netherlands) thanked the Controller for pointing out the difficulties encountered in measuring United Nations activities satisfactorily, providing information on the matching of programmes and resources, and costing outputs. While appreciating the unique nature of the United Nations budget, he suggested that it might be useful to consult with other organizations in the United Nations system on how they were addressing and resolving similar problems.

20. Mr. ANNAN (Controller) said that he fully agreed with the representative of the Philippines that all United Nations resources of whatever nature were equally important and must be kept under continuing scrutiny, and that greater efforts were needed to record and assess non-expendable resources used, in particular, in connection with the expanded peace-keeping operations. He assured the representative of the Philippines that action had already been taken and that work was proceeding in the field for that purpose.

21. In response to the representative of India's questions about the use of extrabudgetary resources and the inadequacy of the information available to delegations, he said that, as had been reported, the Secretariat was keenly aware of the problems and was taking vigorous action to overcome them. He hoped to be able to provide specific information in due course on the date of completion of the study on methodology to which the representative of India had referred.

22. Regarding the specific case of a staff member who had been transferred to Vienna and given an agreed termination, he said, by way of initial comment, that the case of one staff member out of a staff of some 14,000 should not be exaggerated. Recalling the facts of the case, he said that the staff member had been reassigned to Vienna to a post of limited duration, in connection with a conference. The staff member, who had been in his mid- to late-50s, had intimated that he would take early retirement following the conference, but had subsequently declined to do so. There being no suitable post for him at that juncture, it had been deemed preferable to terminate his contract under the system known as "agreed termination", subject to a payment of $200,000, rather than keep him on for a number of years with no specific assignment, which would have cost the Organization far more.

23. Replying to questions raised by the representative of the United States of America, he said that he had no information readily at hand on the day-care centre in Geneva, but would provide it subsequently. Further details would also be provided about special service agreements with individuals at the Under-Secretary-General and Assistant Secretary-General levels, although to his

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knowledge there were currently about seven such agreements. There were various arrangements of that kind, some for brief and specific assignments and some more in the way of retainer contracts granted to highly qualified persons and covering, for instance, over a period of one year. In his view, the arrangement was a highly effective and cost-efficient tool for the Secretariat and should perhaps be used to a greater extent, since it meant that in any one-year period, expert advice could be sought from up to 20 people on an occasional basis instead of having one staff member working full time. Finally, he confirmed that a new electrical contract had recently been concluded.

24. Ms. MILLS (Deputy Controller), responding to the question asked by the representative of the United States of America about the effectiveness of the new procedures to deter and detect tax fraud, said that the procedures appeared to be working effectively, although it was impossible to say that they totally prevented any such fraudulent claims. The cases reported in the report of the Board of Auditors were those that had been identified during the 1988-1989 biennium. With regard to measures to detect fraud in respect of other entitlements, continuing strenuous efforts were being made to control and monitor the situation through internal controls and deterrents. While verification through third party confirmation was possible in some cases, such as education grants, in most cases entitlements were granted on the basis of the staff member's own certification, which could prove very difficult to verify.

25. Mr. KINCHEN (United Kingdom) recalled that the statement made on behalf of the twelve States members of the European Community had included a request for further information on previous recommendations of the Board of Auditors which had not, or had only partially, been implemented. He hoped that when the time came to discuss the text of a resolution, the representatives of the Secretariat would be able to provide more precise information, possibly in writing, since document A/45/509 was less informative than the corresponding document submitted at the forty-fourth session.

26. It appeared that there was no mechanism for checking the position with regard to unliquidated obligations at the end of the one-year period provided for under the Financial Regulations and Rules. The matter might be explored further, and the Japanese delegation's proposals seemed worthy of attention in that regard.

27. He requested clarification of the excess of income over expenditure in respect of technical co-operation reimbursement resources, as shown in schedule 20.1.1 in document A/45/5, Volume I.

28. Ms. MILLS (Deputy Controller), replying to a question by Mr. MICHALSKI (United States of America) about the number of staff members found guilty of tax fraud who had been dismissed from the Organization and the number of those being considered for dismissal, said that that information, which was not immediately available, would be provided.

29. Mr. PREMPEH (Chairman of the Board of Auditors), replying to a question asked by the representative of the Philippines at a previous meeting, said that the Board of Auditors did not intend to formulate and present the accounting system to be followed by the United Nations Development Programme (UNDP). In response to that representative's further question, the answer was negative, since the Board did not regard estimated expenditures of executing agencies as the basis for the Board's opinion on the financial position of UNDP. With regard to the question of submission of annual reports of the United Nations Capital Development Fund, the Board did not have to agree to any arrangement. On the question of cumbersome procedures for personnel appointments, the details could be found in paragraphs 161 to 163 of the Board's report on UNDP (A/45/5/Add.1).

30. Replying to the representative of the United States of America on the question of the cases of fraud or presumptive fraud reported in paragraph 117 of the report of the Board on the United Nations Children's Fund (UNICEF) (A/45/5/Add.2), he said that it was the Board's practice to request the administrations to inform it officially of losses and cases of fraud or presumptive fraud that had come to their notice during the audit period. The Board also reported on cases of fraud that came to its notice in the course of its audit. The audit of the UNICEF World Summit for Children would be carried out during the review of UNICEF accounts in 1991 and findings would be reported by the Board in its audit report. On the subject of Staff Union activities, the Board of Auditors had not conducted any specific audits of the level of expenditure of the Union's activities, but would bear that question in mind in future programmes.

31. In response to the concern expressed by the representative of Italy on behalf of the States members of the European Community about the late distribution of reports, he pointed out that the Board had always submitted its reports as appropriate in the last week of June, the current year being no exception. Replying to another question, he explained that the audit opinion on the United Nations was qualified only on the basis of unpaid assessed contributions. The apparent confusion had arisen from a typographical error in the relevant report (A/45/5, Vol. I). It was now clear from the corrigendum that paragraphs 208 and 209 were the basis for the qualification of the Board's opinion. In reply to the suggestion that due attention should be given by the Board to trust funds and special accounts in its reviews, he said that the Board, recognizing the steady growth of extrabudgetary resources, had included trust funds and special accounts in its programme to carry out audits on a horizontal basis, with specific areas being examined simultaneously, so that the findings could be pooled and across-the-board recommendations made on an organization-wide basis.

32. The Board was greatly encouraged by the positive comments made by the representatives of Canada and the United States of America on the Board's execution of its audit function, and he assured the Committee of the Board's continuing commitment to fulfilling that function. In regard to the conduct of comprehensive audits with respect to the effectiveness of programmes, the Board would pursue its efforts in that area to the extent possible within resource limitations. It did not believe, however, that the change from annual to biennial financial periods by some organizations would result in savings in resources, as suggested by the

(Mr. Prempeh)

representative of Canada, since the periodicity of audit assignments would remain the same. Furthermore, an increasing number of management letters would be issued to the organizations while a certain number of audit reports would still have to be submitted to the General Assembly each year.

33. On the subject of the request contained in paragraph 11 of resolution 44/183 regarding the periodicity of audit reports, he said that, in its decision 90/48, the Governing Council of UNDP had requested the Board of Auditors to submit, through ACABQ, in its biennial report to the General Assembly and the Governing Council, the findings and recommendations on the first year of each biennium, and had invited the Board to issue a special report for the first year of each biennium through ACABQ, if in the opinion of the Board there were matters which needed to be brought to the attention of the Governing Council and, if appropriate, the General Assembly. A similar decision had been taken by the United Nations Population Fund (UNFPA). In the case of UNICEF, the matter had yet to be considered by its Executive Board. The Board of Auditors believed that the decision was consistent with the reporting requirements of other United Nations organizations which had biennial reporting periods, and with the view of ACABQ that the Board's findings on financial, substantive and management issues could be fully appreciated if they were accompanied by financial statements and accounts, as was currently being done at the end of each biennium. Furthermore, the Board had been requested, in paragraph 23 of resolution 44/183, to carry out an audit examination of substantive matters, including management issues, for UNICEF in respect of the first year of each biennium. While the Board had been performing that function over the years in respect of all organizations with biennial financial periods, what was new was the request that the Board should submit a report on its findings and recommendations, through ACABQ, to the General Assembly and to the Executive Board of UNICEF in the first year of each biennium.

34. In the case of UNDP and UNFPA, which had now converted to biennial financial periods, the Board would continue to audit those organizations twice a year at Headquarters and a number of selected field offices and would discuss its findings with their Administrations. If in the opinion of the Board there were matters which needed to be brought to the attention of the Governing Council and, if appropriate, the General Assembly, the Board would submit a special report for the first year of each biennium through ACABQ.

35. As he had said in his introductory statement (A/C.5/45/SR.4, para. 3) members of the Audit Operations Committee had maintained close co-operation with the various internal audit services and the Joint Inspection Unit. To permit effective follow-up of corrective action taken by the Administrations on the main recommendations of the Board, the Board's reports were transmitted to the internal audit services, and their reports were transmitted to the Board.

36. The representative of the USSR had requested additional information about the overcharging of the United Nations Office at Vienna (UNOV) for joint and common services at the Vienna International Centre. The audit had focused on a random sample of services, and an in-depth study subsequently made by the Internal Audit

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Division had shown that for six out of eight services UNOV had absorbed substantially more than its share of common services costs, amounting to an excess of $US 1.85 million for 1988-1989 alone. The Board thought that the existing arrangements needed to be renegotiated in order to establish more appropriate cost-sharing ratios. It had not considered a retrospective correction of the ratios since the Administration could discuss that issue when renegotiating them.

37. He informed the representative of the Ukrainian SSR that the Board's present financial resources were not sufficient to allow an extension of its present performance to include a comprehensive audit of the effectiveness of programmes. As requested by the United States delegation, the Board would continue to evaluate the results of the UNDP experiment in two-year project budgeting. It had also noted the need for the organizations in the United Nations system to devise guidelines and procedures for proper management of non-expendable property; it would intensify its reviews in that area and report as appropriate.

38. The Board had noted the comment by the representative of Japan that the external auditors should carry out their audits in a comprehensive manner in response to resolution 44/183 without questioning the policies established by the General Assembly on the programmes of the organizations. The Japanese delegation had also asked about the Board's recommendation that the World Institute for Development Economics Research (WIDER) should examine the feasibility of issuing financial regulations and rules to cater to its specific needs. Later developments had made that recommendation unnecessary, and the United Nations University would be so informed during the next audit.

39. The representative of Pakistan had expressed concern about an apparent qualification of the audit opinion on the accounts of UNICEF. The Board had not in fact qualified its opinion; an erroneous impression had been created by an omission in his introductory statement. The Board had also noted the concern expressed by several delegations about the qualified opinion issued by the Board on the basis of audit coverage of approximately 23 per cent of Government-executed programme expenditure. The Board had been informed by the Administration that as of now it had received audited statements covering approximately 67 per cent of such expenditure. It looked forward to continued improvements in that respect and would be discussing the matter further with the Administration with a view to removing the qualification of its opinion.

40. He hoped that his remarks would clarify the issues that had been raised in the Committee and he assured it that due note had been taken of the other constructive suggestions not covered in his response. The Board appreciated the continued support of the Committee and ACABQ, which was an invaluable help in the discharge of its responsibilities.

AGENDA ITEM 118: PROGRAMME BUDGET FOR THE BIENNIUM 1990-1991 (continued)

Programme budget implications of holding a special session of the International Civil Service Commission (A/C.5/45/16)

41. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that in his statement on the programme budget implications of holding a special session of the International Civil Service Commission (A/C.5/45/16), the Secretary-General indicated that the cost of holding such a meeting from 5 to 9 November 1990 would give rise to conference-servicing, travel and daily subsistence costs estimated at $136,300, but that no additional appropriation would be required under sections 28H or 29 of the programme budget for the biennium 1990-1991. The Advisory Committee suggested, therefore, that the Fifth Committee might wish to inform the General Assembly that, should it accept the recommendation of the Committee on Conferences concerning the special session, no additional requirement would arise.

42. The CHAIRMAN proposed that, on the basis of the Secretary-General's statement of programme budget implications contained in document A/C.5/45/16 and the recommendations of ACABQ, the Committee should inform the General Assembly that, should it approve the recommendation contained in paragraph 141 of the report of the Committee on Conferences (A/45/32), no additional appropriation would be required under sections 28H or 29 of the programme budget for the biennium 1990-1991.

43. It was so decided.

44. Mr. MICHALSKI (United States of America) said that his delegation had no objection to the substance of the decision that had just been taken, but thought that its form was wrong. Since the Committee on Conferences had had no choice but to consider the request by the International Civil Service Commission (ICSC) for a special session, it was regrettable that the decision referred only to the recommendation of the Committee on Conferences, which was merely acting as a vehicle for the request. It should have been made clear that the expenditure was caused by ICSC.

AGENDA ITEM 124: PATTERN OF CONFERENCES (continued) (A/45/32; A/C.5/45/8)

45. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that although the Advisory Committee had not yet had an opportunity to consider the report of the Secretary-General on the printing requirements of the United Nations (A/C.5/45/8), it was his personal opinion that it would not wish to delay consideration of the matter by the Fifth Committee. The latter might therefore wish to begin such consideration, subject to any subsequent comments by the Advisory Committee. ACABQ would be unlikely to make any recommendations which would contradict the recommendations contained in paragraph 13 of the report and it would wish to see how the effects of the policies and practices described in part III of the report would be reflected in the future reports of the Secretary-General on the programme budget for the biennium 1992-1993 and subsequent

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bienniums. It was also his opinion that priority should be given to the requirements of parliamentary documentation, to modernization and to the use of new technology which would enhance the internal printing capacity. There would, of course, always be documents requiring special printing which would have to be done externally, but the goal should be to reduce as far as practicable the recourse to external printing. If the Advisory Committee had no subsequent comments, the statement which he had just made would stand as its final position on the matter.

46. The CHAIRMAN suggested that, in view of the comments by the Chairman of ACABQ the Committee should defer its consideration of the report, pending any subsequent comments from the Advisory Committee.

47. It was so decided.

48. Mr. HAMIDA (Libyan Arab Jamahiriya) urged all bodies to ensure the optimum use of conference-servicing resources by stating their requirements more precisely. Noting, however, that the methodology used to assess utilization of conference-servicing resources should more accurately reflect the use of interpretation and other services during informal consultations and meetings of regional groups, he welcomed the decision to put a newly proposed methodology into experimental use for a period of three years. With regard to the distribution of meetings between different United Nations conference centres, he regretted that the Secretariat had provided less information on some duty stations than on others and urged more precision in the future.

49. Turning to the control and limitation of documentation, he asserted that the request of a Member State for circulation of a communication as a document of the United Nations was within the sovereign rights of any such Member State and thus not open to discussion. While urging all countries to exercise restraint, he noted that the quantity of such communications was not substantial by comparison with the Organization's total volume of documentation. He also called for closer compliance with the 32-page limit set for reports of subsidiary organs but rejected the proposed linkage between failure to comply with that limit and entitlement to summary records. His delegation endorsed the recommendation concerning summary records contained in paragraph 83 of the report of the Committee on Conferences. Greater efforts to abide by the six-week rule and the principle of simultaneous distribution in all official languages were also required.

50. In conclusion, his delegation welcomed the moves to introduce new technology, provided that they embraced all duty stations, including the regional commissions, and endorsed the recommendation concerning meetings during the current session contained in paragraph 139 of the Committee's report.

51. Mr. SASTRAWAN (Indonesia) said that his delegation endorsed the introductory statement made by the Chairman of the Committee on Conferences and found the revised calendar of conferences and meetings for 1991 satisfactory. However, it would like to re-emphasize that the headquarters principle contained in General Assembly resolution 40/243 should be respected: treaty bodies should be encouraged

(Mr. Sastrawan, Indonesia)

to abide by the rules. Of course, where advantages could be gained by holding meetings away from the headquarters of the body concerned, it would be advisable to do so.

52. His delegation supported the efforts of the chairmen of those bodies which had failed to achieve the 75-per-cent target for the utilization of conference services to improve their performance in that respect. It also endorsed the decision of the Committee on Conferences to use the new utilization-rate methodology on an experimental basis for three years, with a view to clearly quantifying the relationship between meetings planned and meetings held. Improvement in the utilization of conference-servicing resources would produce major savings for the Organization.

53. His delegation supported the appeal made by the Committee on Conferences for Member States to exercise restraint in requesting the circulation of communications as official documents. The Fifth Committee should also focus its attention on the questions of compliance with the 32-page limit for documents and the provision of summary records to subsidiary organs of the General Assembly. His delegation had no difficulty in accepting the existing practice in those respects.

54. The application of new technology to conference-servicing in Geneva, New York and Vienna could improve the conditions and the quality of work and offset the impact of staff reductions; such technology should also be introduced at all United Nations conference centres. The result ought to be an increase in the output of the Department of Conference Services (DCS) including that of the translation services. DCS had difficulty in observing the six-week rule for the issue of documents, but the rule must be consistently applied so as not to jeopardize the consideration of the items before the various United Nations bodies.

55. Finally, his delegation expressed its appreciation to the Secretariat for its preparation, after a difficult consultative process, of the draft medium-term plan for conference and library services for 1992-1997.

56. Mr. MAVROMMATIS (Cyprus), noting the opinion of the Office of Legal Affairs concerning the question of venue of the Human Rights Committee (A/45/32, para. 12), said that his delegation believed that the decision to apply the headquarters principle to the Human Rights Committee constituted a wrongful amendment of the International Covenant on Civil and Political Rights. While it was the duty of a committee to abide by the spirit of the headquarters principle in structuring its work, its primary consideration should be efficiency. He pointed out that the meetings of the United Nations Conference on the Law of the Sea had been held exclusively in New York for a considerable number of years and that the Committee on the Elimination of Discrimination against Women (CEDAW) continued to meet alternately at its headquarters in Vienna and elsewhere in Europe. In following that pattern, CEDAW was motivated by roughly the same reasons as the Human Rights Committee. As the Chairman of the Human Rights Committee had stated, many member States, especially third world countries, had asked that their reports be considered in New York, where they had legal and other personnel to assist them.

(Mr. Mavrommatis, Cyprus)

57. There was also the matter of consistency among the various Committees of the General Assembly. In a draft document on rationalization before the Sixth Committee at the current session (A/45/33, para. 86), paragraph 11, concerning the application of the headquarters principle, had been deleted at the request of third world countries which thought that the language regarding exceptions to that principle should be more flexible. The credibility of the General Assembly would be enhanced by maintaining the consistency of the work of its Committees. He asked the Fifth Committee to give the issue of the venue of the Human Rights Committee careful consideration and expressed the willingness of his delegation to abide by its decision.

58. His delegation endorsed all the comments that had been made regarding the circulation of letters and communications; there had recently been absues with regard to the number of pages and their contents.

59. Ms. ROTHEISER (Austria) congratulated the Under-Secretary-General for Conference Services and Special Assignments and his staff on the excellent work done during the past year: the Department had made it possible to maintain a very high standard of servicing of United Nations meetings despite heavy work pressure.

60. Compliance with the six-week rule for the issue of documentation was a continuing concern, for the late issue of documents often left insufficient time for detailed evaluation and communication with capitals. The resulting lack of guidance often prevented delegations from dealing with the substance of reports. Her delegation therefore supported the appeal by the Committee on Conferences to Member States for timely responses to requests for information and its restatement of the need for the Secretariat to comply with the six-week rule. It also endorsed the request that the secretariats of subsidiary organs should draw attention to the 32-page limit for documents at the beginning of substantive sessions and the current practice of the Chairman of the Committee on Conferences to address letters to the chairmen of bodies whose reports exceeded the limit. It awaited with interest the Secretariat's study on the 32-page limit.

61. Her delegation appreciated the inclusion of the informal proposals made by delegations in the draft medium-term plan for conference and library services and it supported the recommendation for approval of the plan. It hoped that all the parties concerned in the establishment of unified conference services in Vienna would soon reach agreement on the issue, as requested in resolution 44/201 A, for such an arrangement would ensure the best use of scarce resources. It also drew attention to the ACABQ recommendations on the matter contained in paragraphs 22 and 23 of document A/45/570.

62. Her delegation had studied the Secretary-General's report on existing conference resources, services and facilities within the United Nations (A/AC.172/137) and the additional information provided in document A/AC.172/1990/CRP.2. It thought that the best use of conference services would be ensured by equal treatment of all conference centres and looked forward to a further report on the conference system and to action-oriented recommendations from the Secretariat.

(Ms. Rotheiser, Austria)

63. With regard to the applicability of resolution 40/243, her delegation reiterated its position that it concurred with the opinion of the Office of Legal Affairs that General Assembly resolutions could not amend treaties and that resolutions which conflicted with treaties had no legal effect in respect of the treaty organs concerned (A/45/32, para. 12). It therefore supported the request of the Human Rights Committee that it should hold one of its sessions in New York. ICSC had also requested an exception to resolution 40/243 in seeking authorization for a special session. In view of the importance of the Commission's work and since no additional appropriations would be required, her delegation had supported the request.

64. The main task of the Committee on Conferences, which was to ensure efficient servicing of meetings, was becoming increasingly difficult. In order to meet the challenge, it must devise a methodology to determine conference-servicing needs accurately. Her delegation noted with regret the decrease in the utilization rate in 1989 to 74 per cent, but believed that statistical information alone did not give a full picture of an organ's efficiency. However, further improvement was certainly possible and the use of the new utilization-rate methodology for an experimental period was therefore welcome.

65. It was regrettable that the information provided on the application of new technology to conference-servicing focused only on New York and Geneva. Her delegation looked forward to a supplementary report by the Secretariat on technological innovations at all United Nations conference centres. Finally, it reiterated its commitment to the important work of the Committee on Conferences and endorsed its recommendations.

66. Mr. DANKWA (Ghana) said that his delegation recognized with appreciation the outstanding performance of the staff of DCS.

67. By its decision to retain the Committee on Conferences as one of its permanent subsidiary organs, the General Assembly had confirmed its commitment to the rational organization of conferences and meetings and of conference servicing. The report of the Committee on Conferences held encouraging prospects that maximum efficiency could be achieved. His delegation could generally accept the draft revised calendar of conferences and meetings for 1991, including the meetings of the Human Rights Committee and the Legal Sub-Committee of the Committee on the Peaceful Uses of Outer Space.

68. With regard to the applicability of resolution 40/243, it should be remembered that the resolution did not prohibit meetings away from headquarters locations but only limited meetings funded from the regular budget for headquarters. According to article 37 of the International Covenant on Civil and Political Rights, the Human Rights Committee should normally meet either in Geneva or in New York. Since Geneva was the Committee's headquarters, meetings held there were covered by the regular budget. The Committee was not prevented from meeting in New York, but any additional expenses involved should not be funded from tne regular budget. His delegation was convinced, and the General Assembly should make it clear, that all

(Mr. Dankwa, Ghana)

bodies whose meetings were financed from the regular budget were subject to resolution 40/243. Any organ which believed that compliance with the resolution would prevent it from carrying out its terms of reference should apply for an exemption.

69. With regard to the improved utilization of conference-servicing resources, the Committee on Conferences was right to concentrate on the "meeting ratio" and "planning accuracy" factors without abandoning the utilization factor, for the three elements would together provide a response to the valid criticism of the present methodology.

70. The possibility of the central planning and co-ordination of conference-servicing was appealing, for at present the experience and talent of DCS staff were not made available to other conference centres. The Committee on Conferences had rightly postponed substantive decisions on the application of new technology until the Secretariat's report was updated to cover centres other than New York and Geneva.

71. It was disappointing that compliance with the six-week rule for the issue of documents remained a hope rather than a reality. Late responses by Member States to requests for information might be a cause of delay, but there were other causes within the Secretariat. His delegation was happy to note that the Committee on Conferences had reaffirmed the need for the Secretariat to comply with the rule; it should continue its efforts to ensure compliance. The efforts to limit the reports of subsidiary bodies to 32 pages should also be maintained, and the recommendation for bodies to be reminded of the limit by their chairmen and secretariats was welcome.

72. Finally, his delegation reaffirmed its confidence in the Committee on Conferences and urged it not to abandon its chosen path of caution based on pragmatism.

73. Mr. ZAHID (Morocco) commended the efforts of the Department of Conference Services and the Committee on Conferences to improve the efficiency of the United Nations by rationalizing the calendar of conferences and meetings, reducing the volume of documentation and improving its quality, and introducing new technology. With repect to the specific issue of conference-servicing resources, the 75-per-cent bench-mark criterion should not be allowed to become an end in itself. A committee's efficiency could not be judged by the sole criterion of the rate of utilization of conference services. In general, the current methodology did not accurately reflect such utilization, as it did not take informal consultations into account and did not indicate the number of meetings cancelled owing to the unavailability of documentation. His delegation believed that the utilization factor should not be used as a basis for penalty, especially since the percentage of utilization varied from year to year for the same committee. It supported the recommendation contained in paragraph 38 concerning the experimental implementation of the new methodology.

(Mr. Zahid, Morocco)

74. As for the control and limitation of documentation, he wished to stress the importance of the six-week rule with regard to the availability of documentation. Since the quality of decisions depended to a large extent on the information available, it was important for Member States and the Secretariat to work together to provide that information in a timely fashion.

75. His delegation was pleased to note the increasing tendency to respect the 32-page limit on reports. Also, it supported the Committee's recommendation to continue to limit the provision of summary records to certain subsidiary organs. On the question of communications from Member States circulated as documents of the United Nations, it supported the Committee's recommendation to appeal to Member States to exercise restraint in their requests for the circulation of such documents.

76. With respect to the headquarters principle, set forth in General Assembly resolution 40/243, and its applicability to the Human Rights Committee, his delegation supported the opinion of the Office of Legal Affairs. It believed that the International Covenant on Civil and Political Rights was an instrument of international law and as such took precedence over the resolutions of the General Assembly, which were only recommendations; it followed therefore, that the Human Rights Committee could elect to meet either in New York or in Geneva.

77. His delegation noted the review by the Committee on Conferences of the medium-term plan for conference and library services for the period 1992-1997 and reserved the right to comment further on that issue during the review of the medium-term plan.

78. Mr. BELHAJ (Tunisia) said he agreed with the comments made by the representative of Cyprus concerning the question of the venue of the Human Rights Committee. He was, however, somewhat surprised by the contents of paragraph 16 of the report of the Committee on Conferences.

79. With respect to the circulation of communications from Member States, his delegation supported the Committee's recommendations. States should exercise restraint in their requests for that essential service, especially in the light of the limited financial and human resources of the United Nations resulting from the unfortunate policies of certain major contributors and the delay of some States in paying their contributions. The difficulties faced by the Secretariat, and especially the department of Conference Services, were due to the fact that the system had been only partially restructured. The Organization could operate efficiently only if it had at its disposal all its potential financial resources.

80. With regard to the control and limitation of documentation, the Committee had rightly reaffirmed the need for the Secretariat to comply with the six-week rule regarding the issue of documentation. Some of the Main Committees, in particular the Second and the Third, were falling behind in their programme of work because they did not have the required documentation. The Main Committees of the General Assembly could not simply go into hibernation because the Security Council required

(Mr. Belhaj, Tunisia)

additional services. A greater effort must be made to attend to their documentation needs as well.

81. Since communications from observer States or organizations, with the exception of those from Palestine, were distributed through Member States, it was difficult to assess the cost of circulating them in order to charge them to the observers concerned. His delegation awaited the report of the Secretariat on that difficult subject.

82. Lastly, while his delegation understood the very justifiable concern for compliance with the 32-page limit for the reports of subsidiary organs to the General Assembly, it felt that those reports should not be shortened to the point where they were not readily understandable by representatives who were not members of the subsidiary organs in question. Discretion should be used in applying the rule. That was why his delegation supported the recommendations in paragraphs 73 and 74 of the report of the Committee, which were cautiously and circumspectly worded.

83. Mr. HOLGER (Chile) said that the decision of the Committee on Conferences to consider items on a biennial basis offered many advantages, provided that there was enough flexibility to consider other items as necessary. The current methodology for evaluating the utilization of conference-servicing resources, while imperfect, had made it possible to show that the utilization of those resources had improved substantially. Those auspicious results were due in part to the recommendations of the Committee on Conferences. His delegation hoped that that Committee would study the newly proposed methodology. However, it should bear in mind that statistics alone could not provide the information necessary to determine the efficiency of any body.

84. In recent years, the six-week rule with regard to the availability of documentation had not been respected. The situation had become more critical during the current session of the General Assembly in that two of the Main Committees, the Second and the Third, had been forced to alter their programme of work because they had not received the necessary documentation on time. Such delays hindered the work of not only the organs of the United Nations but also of delegations, especially the smaller ones. His delegation therefore supported the Japanese suggestion that the Secretariat should establish an interdepartmental system for the monitoring of documentation that would make it possible to determine the exact status of documents in order to identify problems in meeting the deadlines.

85. His delegation fully supported the various well-thought-out recommendations made by the Committee on Conferences in its report and wished to encourage it in its continuing efforts to achieve optimum utilization of conference-servicing resources.

The meeting rose at 1.30 p.m.

UNITED NATIONS

General Assembly

FORTY-FIFTH SESSION

Official Records

FIFTH COMMITTEE
12th meeting
held on
Friday, 19 October 1990
at 10 a.m.
New York

SUMMARY RECORD OF THE 12th MEETING

Chairman: Mr. MAYCOCK (Barbados)

Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. MSELLE

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The meeting was called to order at 10.25 a.m.

AGENDA ITEM 124: PATTERN OF CONFERENCES (continued) (A/45/32 and A/C.5/45/8)

1. Mrs. GOICOCHEA ESTENOZ (Cuba) said that her delegation wished to reaffirm the Fifth Committee's interpretation of paragraph 4 (c) of General Assembly resolution 43/222 B, as stated in the footnote thereto, namely, that it should not be construed as giving the Committee on Conferences any role in the budgetary process or authority to override decisions on programmes and on meetings and conferences being decided upon by legislative organs of the United Nations. She also wished to associate her delegation with others which had expressed their satisfaction with the work and report of the Committee on Conferences.

2. Her delegation supported the Committee's recommendation that the Legal Sub-Committee of the Committee on the Peaceful Uses of Outer Space and the Human Rights Committee should be authorized to meet away from their headquarters in 1991. The opinion of the Office of Legal Affairs concerning the headquarters principle (A/45/32, para. 12) deserved the Fifth Committee's careful consideration.

3. It was encouraging to note that, in general, utilization of conference-servicing resources had improved. Her delegation supported the proposed application of the new methodology for the measuring of utilization on an experimental basis (paras. 38 and 39). It would be interesting to learn the opinion of the Secretariat on how the new methodology would eliminate the weaknesses of the current one, which failed to reflect unofficial consultations or the impact of delays in issuing documentation. The utilization factor should not be used as a basis for punishing certain organs, since the goal was to attempt to achieve greater efficiency, not to limit arbitrarily the functioning of the Organization. Her delegation agreed with the suggestion contained in paragraph 40 of the report that the Chairman of the Committee on Conferences should continue to address letters to the presiding officers of bodies that had utilized less than the 75 per cent bench-mark of the conference resources allocated to them. It was also important to find out what those bodies thought was the reason for their failure to reach the 75 per cent bench-mark figure.

4. Delays in issuing documentation were a matter of concern. Time and again, documents would be available in English only or only immediately before the meeting in which they were to be discussed. Sometimes they were not available at all, as in the case of some documents of the Second and Third Committees, which had been forced to make changes in their 1990 programme of work. The Department of Conference Services (DCS) was, however, not necessarily to blame, since it did not always receive documents on time from other departments of the Secretariat. Her delegation therefore supported the Japanese delegation's proposal that an inter-departmental system should be established to plan and monitor the document production process.

5. Her delegation wished to reiterate its opinion that Member States had a sovereign right to request the distribution of their communications as official

(Mrs. Goicochea Estenoz, Cuba)

documents of the United Nations. They should, however, show moderation in their requests. It also supported the decision of the Committee on Conferences as to which subsidiary organs should receive summary records. When the Committee came to consider the provision of summary records for meetings of organs and programmes funded from the regular budget in 1991, it should seek the opinion of those bodies regarding the usefulness of summary records.

6. Her delegation agreed with the other recommendations in chapter II, sections D and E, of the report. It also supported the recommendations in paragraphs 148, 149 and 150 concerning the medium-term plan for the period 1992-1997.

7. Mr. IRUMBA (Uganda) said that DCS was crucial to the mission of the United Nations. It was therefore vital to strengthen its efficiency. A long list of problems continued to be discussed, but DCS was given no real guidance as to how to proceed amid contradictory signals from Member States. Delays in the Department's output were partly due to a lack of financial and human resources, which affected staff morale. Transparent and coherent legislative guidelines that would take into account the interests of Member States were urgently needed to address the problems of DCS.

8. With respect to the report of the Committee on Conferences (A/45/32), his delegation was pleased to note some improvement in its format, which could however be further refined. Introductions and overviews could be shortened by not repeating information contained in other official documents, and conclusions and recommendations could be more focused, more action-oriented and, in some cases, less superfluous.

9. After noting the departures from the calendar of conferences and meetings mentioned in paragraphs 4 through 6 of the report, he said that the Committee on Conferences should be flexible in considering future requests for changes or additions to the calendar and should bear in mind the political context. Observing that it had not taken a decision on the applicability of the headquarters principle to treaty organs he noted the opinion of the Office of Legal Affairs on that issue (para. 12) and expressed the belief that treaty organs had the right to continue to decide the venue of their meetings in accordance with the provisions of the treaties which had created them, as long as those meetings were not financed from the regular budget. The Committee's recommendation that the United Nations Council for Namibia should be deleted from the calendar of conferences (para. 20) should be treated flexibly, since the General Assembly had already approved the continuation of certain of its activities into the biennium 1994-1995; those activities would entail meetings and, therefore, conference services. He pointed out that the Committee was only recommending the approval of the draft revised calendar of conferences for 1991, since the General Assembly alone could approve it.

10. A new methodology had been proposed for evaluating the utilization of conference-servicing resources. The statistical data used in that methodology should be expanded to take into account informal consultations, meetings cancelled owing to the lack of documentation or interpretation, and meetings cancelled for no

(Mr. Irumba, Uganda)

justifiable reason. On the whole, he believed that undue importance had been attached to the figure of 75 per cent utilization.

11. The timely availability of good documentation was imperative. Delays in issuing documents made it difficult for representatives to hold informed discussions. Failure to issue them at all put a halt to their work. At its resumed session in September 1990, the Committee on Programme and Co-ordination had been forced to abandon two important items on its agenda owing to the unavailability of documentation, and the absence of certain documents was currently paralysing the work of some of the main committees of the General Assembly. In most cases, DCS had not provided any convincing explanation. It would be a shame if the forty-fifth session of the General Assembly were to end early not because of improved efficiency but because it did not have the necessary documents at its disposal. The six-week rule must be enforced.

12. Summary records of meetings were needed for the efficient conduct of business. His delegation hoped that a study would be made to determine whether the subsidiary organs that were no longer provided with summary records had achieved greater efficiency. It was unfortuante that certain important bodies did not receive records. In the future, his delegation would have difficulty in supporting the practice of limiting the provision of summary records.

13. The 32-page limit for the reports of subsidiary organs to the General Assembly should be applied with flexibility, given the differences in the structure and work of the various organs. After all, if the annexes to the report of the Committee on Conferences were taken into account, the Committee's own report exceeded that limit by some 20 pages.

14. It was unfortunate that the 1987 Secretariat report on the application of computer technology to the management of the interpretation service and the meetings programme (A/AC.172/123), referred to in paragraph 110 of the report, dealt only with the New York and Geneva conference centres. His delegation looked forward to the Secretariat's 1991 report on the subject, which would also cover conference centres at the regional commissions. The application of new technology needed to be expedited, since DCS was far behind other United Nations services in that area.

15. Referring to the decision of the Governing Council of the United Nations Environment Programme (UNEP) to hold biennial meetings, he said that for Member States with limited resources, annual meetings provided an important opportunity to receive information from UNEP and to make their views known. In the light of increasing concern for the environment, it was perhaps time to review that decision.

16. In conclusion, he said that, to date, the Committee on Conferences had functioned well within its mandate. His delegation would resist any attempt to invest the Committee with budgetary authority.

17. Mr. BAZAN (Chairman, Committee on Conferences) said that the Committee on Conferences had welcomed the General Assembly's request for a review of the methodology on conference-servicing utilization rates, as expressed in paragraph 4 of its resolution 44/196 A. The concrete results of the Committee's continuing efforts in that regard could be seen in the ways various bodies had adjusted their work programmes in response to its requests and guidance. Some had reduced the number of fully serviced meetings required during a session in order to schedule informal consultations, while others had scheduled shorter sessions when feasible, both measures helping to reduce the number of cancelled meetings. Yet others had adjusted the timing of sessions in order to avoid having to request exceptions to existing General Assembly resolutions. A number of the Committee's recommendations were also intended to increase the timely availability of documentation. In particular, the Committee had emphasized the need for the Secretariat further to develop tools for inter-secretariat co-ordination and co-operation in order to improve both the availability and the clarity of documentation placed before intergovernmental bodies and organs.

18. While the work of the Committee in its new capacity as a permanent subsidiary organ of the General Assembly was still in its infancy, the steps it had taken over the past two years formed a sound basis for further agreement and for increased innovative activity as it investigated and made recommendations on all of the areas covered by its terms of reference.

19. Mr. WYZNER (Under-Secretary-General for Conference Services and Special Assignments) expressed gratitude for the positive feedback provided by delegations, as well as for the insightful observations contained in the report of the Committee on Conferences, all of which would be examined closely and implemented where appropriate.

20. Following the recent issuance of the Advisory Committee's report on work-load standards for conference-servicing staff (A/45/7/Add.1), he expressed appreciation for the Advisory Committee's findings, which essentially confirmed his Department's belief that the application of new technologies, once fully in place, did yield significant gains. The introduction of word processing in the typing pools and the use of modern reproduction equipment were areas in which new technologies had led either to increases in existing work-load standards or to the development of new standards where none existed. The application of word-processing technology had made it possible to abolish 20 conference typist posts, prior and in addition to those covered by the retrenchment exercise, as well as to reduce by 20 per cent the number of temporary staff recruited for the General Assembly period and significantly to reduce overtime hours. New printing technologies had made it possible to introduce new work-load standards and to increase the quantity of publications produced internally, thereby reducing external printing allotments. In areas, such as the translation services, where new technologies were not yet in place, the proposals concerning work-load standards had been predicated on the application of new work methods, such as self-revision, which had already led to a reduction by 46 in the number of permanent translator posts, apart from those covered by the retrenchment exercise.

(Mr. Wyzner)

21. His Department shared the deep concern of delegations at any delay in the issuance of documentation which might interfere with the work of any committee or legislative body. In particular, he regretted that the Second and Third Committees had found it necessary to adjust their agendas in the course of the current session. In the case of the Third Committee, it had been necessary to reschedule the consideration of agenda item 100 because the report of the Eighth United Nations Congress on the Prevention of Crime and the Treatment of Offenders (amounting to some 350 pages) had not been finalized for submission to the Department of Conference Services until 5 October. That report would be issued on 25 October, i.e. within the minimum deadline for the processing of documents of comparable length during peak periods.

22. The situation in the Second Committee had been more complicated. Firstly, five of the documents to be considered by that Committee were still being prepared by other units. Secondly, the Bureau of that Committee had not, when establishing its agenda, taken account of the status of documentation. Its timetable had thus been unrealistic from the outset. The Committee had subsequently reorganized its work during a meeting held on 12 October and established a timetable which would be followed by the substantive units involved. The Department of Conference Services, for its part, would do all within its power to ensure that the remaining documents were processed and issued with maximum dispatch. He wished to stress once again that careful co-ordination must be ensured between the scheduling of meetings and the availability of meeting and documentation services.

23. Noting that the availability of relevant documentation was essential to the conduct of work in intergovernmental bodies, he pointed out that, on 30 September 1990, some 40 per cent of pre-session documentation for the General Assembly had still not been submitted to the Department for processing. At about the same time, Security Council activities relating to the Gulf crisis had caused an increase of over 9 per cent in the volume of pre-session documentation, while Council requirements also compelled the Secretariat to keep many staff members available to service the Council outside regular working hours, including weekends, on numerous occasions disrupting the Department's work. The Department had already conveyed to its colleagues in the Secretariat the views of the Committee on Conferences concerning compliance with the six-week rule for the distribution of parliamentary documentation, as well as its own need to have sufficient time to meet prescribed deadlines. It none the less remained committed to the timely issuance of all documentation in all official languages and intended to intensify its collaboration with other departments to identify and eliminate the causes for such delays. The Documents Records, Information and Tracking System should be of considerable help in identifying the problems that must be addressed.

24. A comparison between the first six months of 1990 and the first six months of 1989 showed that the number of official meetings had increased by 8 per cent, while the amount of documentation reproduced had risen by 11 per cent. That trend was particularly significant, given the fact that 1990 was a non-budget year and an "off" year in the biennial programme of work of the economic and social sectors. A similar trend could be discerned in the level of documentation projected for the

(Mr. Wyzner)

forty-fifth session of the General Assembly, which showed a 15 per cent increase over 1988, the previous non-budget year. The Department's staffing and financial resource capacities were strained but its resolve to rise to the challenge remained intact. While the benefits of new technologies and forward-looking managerial measures were essential to the success of its endeavours, the support, encouragement and guidance of the Fifth Committee, the Advisory Committee and the Committee on Conferences were indispensable. While Member States could rely on the Department, the Department likewise relied on Member States.

AGENDA ITEM 119: PROGRAMME PLANNING (A/45/6, A/45/16 (Part I) and Add.1 and A/45/16 (Part II), A/45/204, A/45/218 and Corr.1 and Add.1 and Add.1/Corr.1, A/45/279 and A/45/617)

AGENDA ITEM 117: REVIEW OF THE EFFICIENCY OF THE ADMINISTRATIVE AND FINANCIAL FUNCTIONING OF THE UNITED NATIONS (A/45/16 (Part I) and Add.1 and A/45/16 (Part II), A/45/226, A/45/370 and A/45/617)

25. Mr. ABRASZEWSKI (Chairman, Committee for Programme and Co-ordination) said that the general considerations, conclusions and recommendations of the Committee for Programme and Co-ordination (CPC) with respect to the proposed medium-term plan for the period 1992-1997 as a whole were contained in paragraphs 26 to 67 of its report on the first part of its thirtieth session (A/45/16 (Part I)). The Committee's comments on individual programmes would be introduced at a later stage.

26. The preparation of the medium-term plan had been guided by the new planning and budgeting process laid down in General Assembly resolution 41/213 and subsequent relevant resolutions. A great number of the proposed programmes, though not all, had been the subject of consultations with functional, sectoral and regional intergovernmental bodies. The Committee welcomed efforts to improve the structure of the plan, noting its increased simplicity, the better definition of sectors and programmes and the substantial reductions in numbers of major programmes, programmes and subprogrammes. However, following a thorough examination, the Committee believed that further progress could be made in future plans and in revisions to the plan, notably in the definition of sectors of activity and presentation of activities being conducted in each sector. It also called for closer adherence to the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation (para. 29). For example, it drew attention to the obligation, under regulation 3.3, to give an indicative estimate of the necessary resources for the plan. The Committee noted that a number of programmes, particularly in the political sector, did not include proposals for priority among subprogrammes and had reverted to that question during the second part of its session.

27. The Secretary-General's introduction to the proposed medium-term plan had generated a wide and thought-provoking discussion, the main trends of which were reflected in paragraphs 48 to 66 of document A/45/16 (Part I). It was perhaps worth while to note the widespread feeling among members of the Committee that the

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plan's delicate balance should be maintained. After careful examination, the Committee had recommended the approval of individual programmes contained in the plan, subject to a number of modifications, conclusions and recommendations and had decided to take note of the Secretary-General's introduction.

28. In its review of the plan, the Committee had acted in accordance with its terms of reference and, in particular, with paragraph 2 (a) thereof. Following the submission of its report to the Economic and Social Council, the Council had, in its resolution 1990/83, inter alia, expressed appreciation for the work of the Committee and taken note of the introduction to the plan, of the views of delegations thereon and of its relevant programmes. It had also taken note of the Committee's report on the first part of its thirtieth session and endorsed the relevant conclusions and recommendations contained therein, on the understanding that the plan was subject to further consideration by the General Assembly at its forty-fifth session.

29. Turning to agenda item 117, he said that the Committee's conclusions and recommendations concerning the analytical report of the Secretary-General (A/45/226) were contained in paragraphs 13 to 25 of document A/45/16 (Part I). While noting areas in which progress had been limited or not possible, inter alia, in the economic and social sectors, the Committee concurred with the Secretary-General that the Organization had, in a number of areas, fulfilled the mandate for reform to the best of its abilities. The Committee also agreed that the improvement of the efficiency and effectiveness of the administrative and financial functioning of the Organization was a continuing process and that the Organization should enter a stage of consolidation in order to strengthen its capacity to meet the challenges of the 1990s. It emphasized the need for continuing action in the political sector, personnel questions and posts, conference services, economic and social sectors, construction, and co-ordination, and recommended that the Secretary-General be requested systematically to highlight progress achieved in those areas. It noted, however, that, despite the many difficulties encountered, the role of the Organization had been enhanced and agreed that the Governments of Member States were increasingly seeking the assistance of the United Nations.

30. The Committee had noted a number of shortcomings in the analytical report. With respect to methodology and structure, it noted that the report did not adhere strictly to the provisions of paragraph 28 of the Committee's report on its twenty-ninth session, as reflected in paragraph 16 (a) of General Assembly resolution 44/200 A. It did, however, follow the structure of the report of the Group of High-level Intergovernmental Experts to Review the Efficiency of the Administrative and Financial Functioning of the United Nations, thus providing updated information on the status of implementation of the specific recommendations of that Group. In general, it provided a useful account of action taken to implement General Assembly resolution 41/213 and of the areas in which further action was required. The report did not facilitate a precise assessment of the real impact of the implementation of recommendation 15 on programmes, and the relationship between posts and programmes funded from the regular budget and those

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funded from extrabudgetary resources required further analysis and consideration. However, the Committee recalled that the new budgetary process was still in a developmental stage and that several methodological issues were still pending. Financial viability was required if the objectives of Member States were to be achieved, and paragraph 23 of document A/45/16 (Part I) indicated certain necessary measures to ensure such viability.

31. In conclusion, the Committee recognized that the credit for progress on the reforms called for in resolution 41/213 was due to the joint efforts of Member States, the Secretary-General and the Organization's staff.

32. Mr. AHTISAARI (Under-Secretary-General for Administration and Management), speaking on items 117 and 119, said that, pending later discussion of other issues, his comments would be confined to the analytical report of the Secretary-General on the implementation of General Assembly resolution 41/213 (A/45/226) and the proposed medium-term plan for the period 1992-1997 (A/45/6). With the adoption by consensus of resolution 41/213 and a number of other resolutions, of revised estimates for the 1988-1989 biennium and of the programme budget for the current biennium, one of the fundamental objectives of the reform, namely to facilitate agreement among Member States on the content and level of the Organization's budget, had been achieved. Credit was due to the Committee for its role in that process. As could be seen from the analytical report, the Secretariat, for its part, had, in essence, implemented the very diverse recommendations of the Group of 18 endorsed by the General Assembly in resolution 41/213. The programme of administrative reform initiated in 1986 had thus largely been accomplished, despite continuing financial uncertainty and other serious difficulties and the addition of new major responsibilities. The remaining problems which the Secretariat had yet to address or solve in continuing co-operation with Member States included that of the revitalization of the economic and social sector.

33. Two apparently paradoxical ideas - that the Organization must consolidate itself and move forward, and that reform was not a finite process but implied a constant review of the functioning of the United Nations in relation to its objectives - merited some clarification. Consolidation was needed because no organization could sustain a prolonged period of upheaval, and the renewed confidence in the Organization's capacity to act efficiently and respond to new challenges had to be translated into concrete improvements. Consolidation of the results of the reform could be achieved only through the restoration of the financial viability of the Organization. Consolidation did not, however, mean ossification, and further structural reforms would be required, but the overriding consideration must be to increase the Organization's capacity to fulfil its role. It remained important to keep under review the relationship between the level of staff resources and the volume of programmes and activities, and he hoped that member Governments would maintain a realistic approach to that question, since it was not possible to continue to increase programme contents without reference to resources. Even the new planning and budget procedure would need to be progressively adjusted to new circumstances. Technological innovations, such as the creation of an integrated management information system, would contribute to greater flexibility and effectiveness.

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34. He stressed the importance of the proposed medium-term plan for the period 1992-1997 as a framework for policy-making and integrated management, and of the increasing need for a medium-term perspective at a time of rapid changes in the world and in the Organization itself.

35. The introduction of the proposed plan and the programmes now before the Committee were the result of a long and complex process of consultation with Member States, intergovernmental bodies and the relevant organs of the United Nations. Some progress had been achieved in bringing the proposed medium-term plan into the mainstream of the complex legislative process of the Organization, and the Secretariat would continue to make efforts in that direction. The structure of the proposed plan, with its 10 major programmes, 45 programmes and 257 subprogrammes, was simpler than its predecessor, but that did not imply a projected reduction in the volume of activities of the Organization. Indeed, it reflected a large element of programme continuity.

36. Besides the deletion of the programme on Namibia and the addition of the programme on African economic recovery, development and transformation, a number of objectives and strategies had been modified to reflect changing circumstances. An attempt had been made, in particular, to build programmes on the most basic and comprehensive legislative mandates. The plan was also compatible with organizational and structural changes, and considerable emphasis was being given to the possibility of revisions to reflect changes in mandates and forthcoming events, such as the United Nations Conference on Environment and Development.

37. In line with the views expressed by CPC, the setting of priorities among subprogrammes was considered an essential aspect of the planning and budgeting process and one of the most urgent responsibilities of member Governments; progress had been made in that regard, in the 70 of the 257 subprogrammes now being proposed for high-priority designation. At another level of priority-setting, he recalled the Secretary-General's emphasis, in paragraph 39 of his introduction to the plan (A/45/6), on the need for the priorities of the United Nations to derive from the ideals of the Organization as expressed in the Charter and other authoritative instruments, on the importance of peace-making and peace-keeping activities, and on the enhancement of the well-being of all "the peoples of the United Nations". He also recalled the Secretary-General's proposed priorities reflecting trends of a broad sectoral nature, as contained in his proposed outline for the programme budget for 1992-1993. Those priorities had to be seen in the context of the three broad objectives of the Organization, defined by the Secretary-General in his report on the work of the Organization (A/45/1): to eliminate the seeds of war, to extend the spirit of co-operation to the economic and social spheres, which were seemingly non-political but had profound political implications, and to ensure that international affairs were governed by the rule of law and universal respect for human rights. Those three inextricable themes, would, he believed, come to concern the Organization more and more as new challenges facing member Governments and the Secretariat and new United Nations responsibilities made the Organization more operational in many areas of vital concern to Member States. A number of programmes were already witnessing a clear process of development and reorientation

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and Member States would have to consider how the Organization was to respond to the needs of a rapidly changing world. The outcome of the Committee's deliberations on those now unmistakable trends would have a strong influence on the Secretary-General's ability to meet the urgent requirements of the new international reality.

38. The proposed plan also suggested that a number of difficult methodological and political issues had yet to be resolved. It did not, for instance, contain an estimate of the level of resources necessary for its implementation, nor did it clearly state which activities were to be implemented in part or in full by extrabudgetary resources. The Secretariat's assumption in that regard was that the two sources of funding would not change significantly, an assumption which, again, underscored the importance of future revisions. Further refinement and simplification were needed, and the recommendations of CPC and the Advisory Committee on Administrative and Budgetary Questions (ACABQ) must be seen in that perspective.

AGENDA ITEM 125: SCALE OF ASSESSMENTS FOR THE APPORTIONMENT OF THE EXPENSES OF THE UNITED NATIONS (continued) (A/45/11)

39. Mr. PRODJOWARSITO (Indonesia) said that the observations and specific recommendations of the Committee on Contributions contained in document A/45/11, with its comprehensive review of the current methodology for establishing the scale of assessments for the period 1992-1994, constituted a sound basis for reaching a compromise and formulating decisions. Referring to the presentation of the improved version of the four income concepts in chapter III, section E, of the report, he said that his delegation believed that national income should remain the primary basis for determining the capacity to pay until the Committee on Contributions developed some other more suitable and practical alternative, although the inclusion of the debt-adjusted income concept could reflect more precisely the capacity to pay of Member States. His delegation also agreed with the statement in paragraph 31 of the report that the main source of data for determining debt-adjusted income should be the Balance of Payments Statistics prepared and published by the International Monetary Fund. It further endorsed the Committee's recommendation that the upper per capita income limit should be increased from $2,200 to $2,600 and that the level of gradients should be maintained at 85 per cent.

40. With regard to the statistical base period, his delegation had no difficulty with the proposal to retain the 10-year base period for the preparation of the next scale of assessments. Since, however, the data used was always three years out of date, the Committee should make every effort to complete those figures with data from other competent sources in order to arrive at a scale that would more accurately reflect the rapidly changing economic situation.

41. His delegation concurred with the Committee's view that any change in ceiling and floor rates would require a political decision. It fully understood the Committee's difficulties in applying ad hoc adjustments to the machine scale, and was happy to note the Committee's intention to reduce the overall size of ad hoc adjustments by taking into account the four main criteria outlined in the report.

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42. His delegation further appreciated the decision to recommend to the General Assembly the retention of the scheme of limits in its present form. Member States with low per capita income should not be expected to accommodate the additional burden derived from the relief measures enjoyed by Member States with higher per capita incomes.

43. Mr. CHOUDHURY (India), noting that, in regard to the scale methodology, the Committee had reiterated its recommendation that the upper per capita income limit should be increased to $2,600, said that it would be more appropriate if while revising the upper per capita income limit, the Committee took account of average per capita income changes up to 1989, the last year of the statistical base period to be taken into account for the preparation of the next scale.

44. His delegation supported the recommendation that the 10-year statistical base period should be retained as a way of limiting the impact of sharp fluctuations in national income. It also agreed that any change in the ceiling and floor rates required a political decision.

45. Referring to the recommendation in paragraph 19 of the report that the scheme of limits should be retained in its present form, he recalled that the General Assembly, in resolution 43/223 B, had requested the Committee on Contributions to examine the possibility of excluding allocation of any additional points as a result of the application of the scheme of limits to those Member States with a very low per capita income. He failed to understand the logic of the Committee's statement (para. 21) that the application of such a provision would duplicate the effect of the low per capita income allowance formula. The low per capita income allowance was included in the methodology to take into account comparative income per head of population when using comparative estimates of national income as a guide to relative capacity to pay. That formula was equally applied to all countries whose per capita income at present was below $2,200 per year, with no particular consideration given to countries with a very low per capita income. It was not clear how the non-allocation of additional points from the scheme of limits would duplicate the relief given through application of the low per capita income allowance formula. In effect, the distribution of additional points as a result of the application of the scheme of limits from countries with higher per capita income reduced the relief given as a result of application of the low per capita income allowance formula. If the Committee's intention had been to state that it was yet another form of relief accruing to countries with a very low per capita income, he wished to inquire whether other countries with a per capita income below $2,200 per annum were not receiving additional relief as a result of the application of the scheme of limits, for reasons such as debt. His delegation urged the Committee to reconsider its attitude on that question bearing in mind the intent of General Assembly resolutions 44/197 and 43/223, namely that countries with low per capita incomes should not be expected to bear part of the assessment of Member States with higher per capita incomes. Should the Committee find difficulty in applying that concept as part of the scheme of limits, it could mitigate the adverse effect through the ad hoc adjustment process.

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46. With regard to the Committee's reported intention to use the concept of debt-adjusted income in the preparation of the next scale (para. 39) and to the sources from which data for debt-adjusted income would be taken (para. 31), he said that his delegation had no objection to using those statistics if they were available for all the years of the base period. However, an indication of the impact of the external debt-repayment statistics on the assessment of Member States would be required before the General Assembly could authorize the Committee to use such figures. The tables annexed to the report did not indicate separately the impact of that element on the scale of assessments, and he hoped that the information would be provided to delegations prior to the informal consultations on the item.

47. His delegation did not know whether the Committee had had the required information for all Member States with regard to price-adjusted rates of exchange (PARE) or what impact PARE-adjusted national incomes would have on assessed contributions. In the report (A/43/11) several members of the Committee on Contributions had objected to the use of PARE and the mechanical redistribution of the additional points.

48. The Committee should apply the criteria for ad hoc adjustments suggested in paragraph 42 of the report fairly to all the relevant countries and should provide justification for its distribution of such relief in future reports. The existing means of consultation concerning mitigation were not fair to those Member States whose regional groups did not discuss such matters. The Committee had not responded to the request made by the General Assembly in resolution 44/197 C for recommendations on a mechanism of communication with Member States; it had merely reaffirmed the appropriateness of the existing mechanism. Information meetings held before the Committee embarked on the mitigation process would give Member States an opportunity to explain their requests for relief.

49. In the current scale of assessments members of the Group of 77 had suffered a collective increase of 3.51 per cent, while the increase for the States members of the Organisation for Economic Co-operation and Development (OECD) had been only 0.13 per cent. The industrialized countries, with their greater capacity to pay, should obviously bear more of the burden than the developing countries; the Committee should keep that point in mind when preparing the next scale.

50. India had been denied mitigation in the latest scale at a time when it had suffered severe economic damage owing to droughts and floods. The criterion of large-scale losses caused by natural disasters, suggested by the Committee in its present report (para. 42 (a)), had not been applied to the latest scale. The Committee should ensure that India was treated fairly in 1991 in the distribution of mitigation.

51. India had also been adversely affected by the Gulf crisis in several respects, having incurred total additional expenditures of more than $4 billion for 1990 alone. Its economy had had to bear that burden at a time when its foreign-exchange reserves had fallen to a very low level and its balance of payments had been

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upset. It hoped that the Committee on Contributions would take those factors into account when determining India's assessed contribution in 1991.

52. Mr. BELHAJ (Tunisia) said that his country had always tried to comply with the scale of assessments and thought that the payment of their assessed contributions by all Member States was an essential condition of participation in the work of the Organization.

53. In view of the technical nature of the problems handled by the Committee on Contributions, it should have made a greater effort to explain the reasons for its decisions, using a presentation similar to the one adopted by the Committee on Conferences. The experience and skills of the Committee gave grounds for hoping that it would eventually manage to pin down the notion of per capita national income and submit a scale of assessments truly representative of capacity to pay. The current methodology remained unclear. One possible remedy would be for the Committee to admit observers, who would also have an opportunity to study the undoubtedly instructive documents prepared by the Secretariat. It was not his delegation's intention to call into question the Committee's status, for it would remain an expert body, but rather to increase the transparency of its work.

54. On the substance of the report, his delegation thought that the true impact of increasing the upper per capita income limit to $2,600 was unclear, for the Committee had offered very little information on the subject. The statistical base period must, as the Committee argued, take into account the cyclical nature of the relative economic circumstances of countries, but the comprehensive application of that rule gave rise to misgivings. Some States, for example, might have shorter economic cycles and thus be placed at a disadvantage with respect to a 10-year base period, a point recognized by the Committee in paragraph 11 of its report.

55. It would be useful to have a general exchange of views on the question of debt-adjusted income, discussed in paragraphs 28 to 31 of the report. Debt structure did indeed differ from country to country, and the Committee on Contributions must try to propose solutions which took into account individual situations. The problem affected, in particular, those middle-income countries, such as Tunisia, which were seeking economic recovery through the structural adjustment of their development plans and were meeting their foreign-debt commitments without recourse to rescheduling. The difficulties of the first years of an adjustment plan should be taken into account by the Committee on Contributions so that the countries which met their commitments were not penalized with regard to mitigation based on foreign debt.

56. The same applied in the case of income adjusted for sustainable development, and the approach described in paragraph 32 was therefore welcome. The new feature introduced into the PARE methodology, referred to in paragraph 35, was interesting but delegations needed more information about it than was given in the report.

57. Mr. LOPEZ (Venezuela) said that the Committee on Contributions had made some progress in reviewing the methodology for the scale of assessments, although some

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points had still not been considered or had received insufficient consideration. His delegation wished to draw attention to some elements which would be useful to the General Assembly as it considered the instructions to be given to the Committee for the preparation of the 1992-1994 scale.

58. It agreed with the Mexican delegation that the proposed increase of the upper per capita income limit to $2,600 was insufficient because it did not adequately reflect cumulative inflation or changes in the world economy. The limit should also be reviewed periodically before the preparation of successive scales.

59. A shorter statistical base period would certainly be more responsive to a country's capacity to pay at the time of payment and would obviate some of the need for adjustments. Annex III of the report showed that, for various shorter base periods, reductions in assessments would be concentrated among the developing countries and increases among the developed countries, thus reflecting the economic reality of recent years. His delegation could therefore not agree with the Committee's opinion (para. 11) that the 10-year base period provided the best basis for fairness and equity for the largest number of Member States: the Committee's own data indicated the opposite. There was no doubt that a 10-year period constituted an excessively long statistical basis and had caused excessive distortion in the results. There was no need to return to the three-year base period, but a reduction to seven or five years might be possible or, as an interim solution, the 10-year period might be weighted so as to give equal weight to the last three and the first seven years.

60. His delegation wished to reiterate that if all Member States, in particular the biggest contributor, paid their assessments in full and on time the question of ceiling and floor rates would not arise. In any event, the effect of any reduction of the ceiling rate should be absorbed exclusively by the developed countries. With regard to the scheme of limits, if the introduction of alternative rate brackets had only a modest impact, as the Committee stated in paragraph 20, it would be preferable to retain the present system, provided that satisfactory agreements were reached on other aspects of the methodology.

61. His delegation was disappointed with the Committee's consideration of alternative income concepts and its recommendation on debt-adjusted income, a question which held the key to the adjustment of the scale of assessments to the capacity to pay. It did not doubt the statement made by the Committee in paragraph 36 that the application of net disposable income would increase the assessment rates of some developing countries, but it would like to receive from the Secretariat tables prepared on the basis of that concept. Since the Committee thought that the question of income adjusted for sustainable development required further development, it should return to the topic at its next session. The Committee had in fact concentrated on debt-adjusted income, but the resulting recommendation gave rise to serious objections.

62. The first was that it was not a question of adjustment based on debt, much less on debt burden, but rather of adjustment based on actual repayment of debt.

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If debt created a burden which limited the capacity to pay, then the extreme case would be the cessation of payment. Some countries had already found themselves in that situation and had had to negotiate rescheduling arrangements including quite long periods of grace. According to the method now proposed by the Committee, the actual debt repayments would be deducted from national income; thus, countries which had ceased payment or had negotiated a postponement would be excluded. The paradoxical result was that the countries most seriously affected by the debt problem would be denied any reduction of their contributions. As a means of confirming that point, the Secretariat might submit a table comparing the updated effect of adjustment for debt applied to the current scale with the effect of the recommended new method. Furthermore, it should be made clear whether the actual repayments of external debt referred to in paragraph 30 included total repayments, both public and private.

63. A second objection was that only payments made and not payments received were taken into consideration. Since some debtor countries were also creditors, debt adjustment should be based on the balance of debt payments. Since the scale of assessments was supposed to reflect the capacity to pay, the methodology should not include an element which rewarded countries which paid their foreign debt and punished those which, for whatever reason, did not. The Committee's recommendation was therefore unacceptable, and it should again review the issue in order to find an approach that took the debt burden properly into account. Failing a satisfactory agreement, the existing procedure should be used for the calculation of the next scale.

64. Many of the problems of the current conversion-rate methodology stemmed from the use of unrealistic exchange rates. Shifts in Venezuela's exchange rate policy, for example, had meant that for nine of the ten years of the statistical base period its currency had been overvalued and its national income over estimated in dollar terms. If the PARE methodology corrected such distortions, and distortions in the reverse direction, it might be welcome. For the benefit of the General Assembly, the Secretariat should submit at the current session a document explaining the PARE methodology, including the recent incorporation of terms of trade. Tables comparing the results of calculating national income by the present market-rates method with the results of the PARE method would also be useful, notably for the purpose of assessing the proposal of the Nordic countries regarding the introduction of the PARE method with adjustments for countries which still had difficulty in accepting it.

65. His delegation endorsed the comments in paragraphs 40 to 43 concerning ad hoc adjustments but wished to point out that the biggest contributor was excluded from the mitigation process even though its assessed contribution would be larger if the scale did not have an upper limit.

66. At the previous two sessions of the General Assembly, many countries had expressed reservations about the work of the Committee on Contributions. The present report, although showing some improvement, was still inadequate. In fact, if the Committee's recommendations were followed, the methodology for the

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1992-1994 scale would include only one change - the unsatisfactory element of debt-adjusted income. His delegation reiterated that many of the Committee's difficulties stemmed from the imbalance in its membership in favour of the developed countries. With the support of other delegations, it had proposed a corresponding change in the membership, but there had been no satisfactory response to that proposal. It was time for the Committee on Contributions to join the current trend of giving increased representation to the developing countries. All the subsidiary organs of the General Assembly would come under review under agenda item 117, but the Fifth Committee should take up the particular case of the Committee on Contributions now under agenda item 125.

67. With regard to contributions for 1990 and 1991, his delegation was ready to consider favourably the request by the Republic of Yemen for a revision of its assessed contribution. Finally, it hoped that the Fifth Committee would be able to decide on clear instructions to the Committee on Contributions for the preparation of the next scale and the continued review of methodology.

The meeting rose at 1.10 p.m.